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Egypt	£E1.00	Luxembourg	LFr.38	Sweden	Skr 8.50
Finland	Fmk 6.00	Malaysia	Rin 4.25	Switzerland	SFr 2.20
France	FFr. 6.00	Mexico	Pes. 300	Taiwan	NT $85
Germany	DM 2.20	Morocco	Dh 6.00	Tunisia	Din 0.600
Greece	Dr 70	Netherlands	Fl 2.50	Turkey	L 710
Hong Kong	HK$.12	Norway	Nkr. 8.00	U.A.E.	Dh 6.50
India	Rup. 15	Philippines	Pes. 20	U.S.A.	$1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,563 — Friday March 1 1985 — D 8523 B

British miners' strike one year on: Pages 6-7

World news

Police station hit by IRA

The Irish Republican Army last night admitted responsibility for a rocket attack on Newry police station in County Down, Northern Ireland, in which several people were killed or injured.

At least six rockets struck the heavily protected station, a few miles from the border with the Irish Republic.

The Royal Ulster Constabulary later confirmed that eight of its police officers had died in the attack, and said the toll could rise further.

The casualties were the worst suffered by the RUC in a single incident since the present troubles began in 1969.

Lange denial

New Zealand Prime Minister David Lange rejected U.S. concern that his anti-nuclear policy could destabilise Western Europe, insisting he was not trying to export it to other U.S. allies. Page 4

Pakistan arrests

Police sprayed teargas on crowds and arrested opposition figures in several areas as Pakistan voted for provincial assemblies. One man was shot dead in an election row.

Hijack charges

Two Syrians who hijacked a West German airliner to Vienna by threatening air hostesses with cutlery and broken bottles, surrendered. The Austrian Interior Minister said they would face trial on air piracy charges.

Secret meetings

Algeria and Morocco have been holding secret talks to try to resolve the nine-year-old Western Sahara conflict, APS, the Algerian news agency, reported.

Star wars' role

West Germany's ruling centre-right coalition parties agreed that participation in President Reagan's "star wars" research was desirable in principle, but only if other allies joined in, coalition sources said.

Employers' call

French employers have called for massive fiscal incentives to help to stimulate strong recovery in industrial investment. Page 2

Canberra talks

Australia will hold discussions with the Soviet Union on a wide range of disarmament and arms control questions in Canberra from March 20 to 22.

Peru bridge bombing

Maoist guerrillas blew up a railway bridge over Anche Gorge, east of Lima, blocking traffic on Peru's main central railway. It is believed repairs will take two weeks.

Fresh charges

About 2,000 criminals released from jail under amnesty last year for the 40th anniversary of communist rule in Poland have been re-arrested on new charges.

ANC leader freed

South Africa released Dennis Goldberg, a leader of the banned African National Congress, who served over 20 years in jail, and allowed him to fly to Israel.

Mubarak visit

President Hosni Mubarak of Egypt will visit Britain from March 14 to 16 at the invitation of the Government. He will have lunch with Queen Elizabeth and talks with Prime Minister Margaret Thatcher.

Indian violence

One person was burnt to death and four injured when students protesting over job and university reservations set fire to a bus in the state of Gujarat.

Business summary

ICI breaks £1bn profits barrier

ICI, the British chemicals giant, broke the £1bn ($1.08bn) profits barrier when it reported pre-tax profits for 1984 of £1.034m, an increase of two thirds on the previous year. Page 14 and Lex; Details, Page 28

WALL STREET: The Dow Jones industrial average closed up 2.98 at 1,284.01. Section III

LONDON stocks held their ground with the FT Ordinary share index down 0.3 at 979.9. Gilts edged forward. Section III

TOKYO shares advanced, led by blue chip issues. The Nikkei Dow market average closed 34.54 higher at 12,321.92. Section III

DOLLAR rose in London to DM 3.3425 (DM 3.3350); FFr 10.2050 (FFr 10.18); SwFr 2.8550 (SwFr 2.8350) and Y259.50 (Y259.10). On Bank of England figures the dollar's index rose to 153.5 from 153.1. In New York it was DM 3.3645, FFr 10.27, SwFr 2.8725 and Y260.1. Page 43

STERLING fell 75 points against the dollar in London to close at $1.0800. It also fell to DM 3.6150 (DM 3.6250); FFr 11.0350 (FFr 11.06); Y280.50 (Y282.00), but was unchanged at SwFr 3.0850. In New York it was $1.072. Page 43

GOLD fell $0.75 on the London bullion market to close at $288.75. It also fell in Zurich to $288.00 from $290.75. In New York the Comex April settlement was $288.70 ($289.90). Page 42

U.S. MONEY SUPPLY: M1 rose $1.7bn to $569.3bn in the week to February 18.

BRAZIL stands little chance of reducing its triple-digit inflation rate, and its failure to do so may impede a return to international credit worthiness, according to a former top official of the International Monetary Fund. Page 6

BRITISH membership of the European Monetary System could help to increase trade with Japan and Japanese investment in both the UK and the rest of the EEC Community, said Confederation of British Industry president Sir James Cleminson. Page 5

U.S. COMMODITY Futures Trading Commission formally charged the Hunt brothers, Nelson Bunker and William H., with manipulation of the silver market during 1979 and 1980.

J. C. PENNEY, U.S. retailer, reported a 17 per cent drop in fourth-quarter net income to $216m, leaving the full-year figure 6.9 per cent down at $435m. Page 15

BP has offered an improved deal to the minority shareholders of the group's 75.4 per cent-owned Australian mining subsidiary, Seltrust Holdings, which had been faced with the threat of a forced liquidation. Page 31

R. P. MARTIN, London money and foreign exchange broker, agreed to a £44m takeover offer by Quadrex Holdings, privately owned investment banking group. Page 28

SIR RUN RUN SHAW, head of Shaw Brothers, Hong Kong's largest film maker, mounted a public placement of shares in the company to dilute his family stake to about 68 per cent and raise HK$196.6m ($25.2m). Page 18

SUMITOMO CHEMICALS, one of Japan's leading chemical groups, will resume paying a dividend for tha first time since 1981 after record net income for 1984 of Y14.3bn ($55.1m) against Y4.1bn. Page 18

CHRYSLER of the U.S. dropped its call for a freeze on Japanese car imports and said it would treble the number of small vehicles it imports from Mitsubishi Motors.

SENTRACHEM, a leading South African chemicals group, recorded a R6.3m cut in first-half operating profits before tax to R37.8m ($18.9m). Page 18

Paris and Bonn link EEC funding to enlargement

BY DAVID HOUSEGO IN PARIS

FRANCE, in a shift of policy, yesterday sided with West Germany in agreeing that any increase in EEC resources should be linked to the enlargement of the Community.

The common position was worked out by President François Mitterrand and Chancellor Helmut Kohl at the French-German summit in Paris yesterday, and is intended to put pressure on the Community to stick to the agreed timetable for the entry of Spain and Portugal on January 1 next year.

A further sign of this pressure was the announcement by President Mitterrand at a joint press conference last night that he and Chancellor Kohl would meet again on March 25 – a few days before the EEC summit in Brussels on March 29 and 30, which is intended to finalise details on enlargement.

Until now West Germany has been alone in pinning the increase of Community resources to the entry of Spain and Portugal. The French-German agreement thus poses more sharply the issue of the potential shortfall in Community resources from October 1 this year and of the repayment of the Ecu 1bn ($640m) rebate due to Britain by the end of the year.

EEC foreign ministers last night abandoned their latest attempt to agree a common negotiating position for the next round of talks with Spain and Portugal on Community enlargement. They also suspended efforts to find a solution to the budget and UK rebate problems. Page 14

If no increase in budget contributions is forthcoming, the Community would be short of about Ecu 3bn in the last three months of the year, of which Ecu 1bn is accounted for by the rebate to Britain.

In what is regarded as a major concession by West Germany, however, President Mitterrand last night announced that West Germany would be prepared to bring forward its additional contribution to Community payments from January 1 1986 to the end of this year.

President Mitterrand also said that France – like other EEC states – would be prepared to provide a budget advance to cover the three-month deficit period. However he linked this, however, to Community agreement on enlargement and to determining France's share in advance.

M Mitterrand said that Britain would get its Ecu 1bn before the end of the year. "What is due is due," he said. "And what is not due will not be due." French officials emphasised that repayment of the British rebate was linked, as agreed at the Fontainbleau summit in June, to enlargement and increased resource as part of a single packet.

Both M Mitterrand and Chancellor Kohl made clear their determination to press ahead at the Milan summit in June with measures towards closer political integration. M Mitterrand said that for the second time since the Second World War Europe "must face a new destiny."

Emphasising the symbolic importance of their countries' collaboration, the two leaders agreed on a route for the extension of the French high-speed train network (TGU) through Belgium to Cologne. They also accepted the idea of extending it from eastern France to Stuttgart and Mannheim.

The leaders failed to solve their differences over German pressure for the earlier implementation of tighter controls on car pollution. The two countries agreed to set up a working party in advance of the March 7 meeting of EEC environmental ministers.

UK closes tax loophole on gilt-edged securities

BY CLIVE WOLMAN AND PHILIP STEPHENS IN LONDON

BRITAIN moved yesterday to change the basis of taxing government gilt-edged securities and other bonds. With effect from yesterday, it will tax the accrued income on such securities.

It will end the practice of dividend stripping to avoid the payment of income tax on bondholders' dividends. This has been achieved by converting income into capital gains, which are treated more favourably under British tax law and, under certain circumstances, escape tax altogether.

The changes are expected to lead to fundamental changes in the ways both institutional and private investors buy and sell gilts and other bonds, and to cut the volume of commissions earned by stockbrokers. Some brokers estimated yesterday that as much as 25 per cent of dealing in the gilt-edged market has been the result of "bond washing," another name for the practice.

The Inland Revenue's announcement caused confusion in the gilt-edged market yesterday, and the start of trading was delayed until mid-morning.

Prices of high-coupon securities affected by the ruling initially were marked down sharply, with some showing losses of as much as two points. In contrast, low-coupon and index-linked issues, in which earnings are concentrated in the stocks' capital appreciation, showed substantial gains.

That reaction, however, was tempered later in the day as details of the transitional arrangements became clearer, although index-linked stocks kept much of their gains.

High-coupon issues ended the day up to ¾ point lower, while low-coupon stocks rose by as much as 1½ points and index-linked by two points.

The new rules, which will become fully operational on February 28 next year, are intended to stop the conversion of taxable income on bonds into capital gains, which are generally tax-free. This will be achieved by selling bonds to tax-exempt institutions such as pension funds shortly before a dividend is due, after the bond price has already risen in anticipation of the dividend payment.

The UK Treasury believes that the loss of tax to the Government from such activity has risen sharply

Continued on Page 14

Lex, Page 14; New analysis, Page 15

Kevin Brown examines a plan for Hampton Court

Right royal pieds-à-terre

HAMPTON COURT, a 16th-century palace 15 miles from London and built by Cardinal Wolsey during the reign of Henry VIII, could become a group of pieds-à-terre for overseas businessmen if radical reorganisation proposals are approved by the British Government.

A British cabinet committee is studying plans for legislation to allow the Crown Estates Commissioners to renovate and modernise almost 1,000 private rooms at the palace and let them as luxury apartments.

The palace features additions to the original structure by Sir Christopher Wren as well as beautiful gardens, a famous maze and a fine view of the River Thames.

The legislation would also allow a charge to be made for banquets and other private functions held at the palace, and would provide for an expansion of the small crafts industry which already exists in parts of the building not open to the public.

Ministers believe the palace's position on the edge of London; its picturesque setting on the Thames and its historical associations would make it very attractive to businessmen seeking a London home, particularly those from overseas.

American millionaires and Arab oil sheikhs – who already own a lot of property in London – are seen as prime customers. The Queen is understood to have been informed and to have raised no objections.

The proposals arise because of the steadily increasing costs of running the palace and the need for expensive refurbishment.

The palace attracted more than 550,000 visitors last year, paying up to £2 each to see the magnificent state apartments, plus an unknown number who gained free entry to the maze and gardens. This raised about £1m ($1.08m), leaving the taxpayer to meet the rest of the £3m running costs.

The authorities which run the palace, the Lord Chamberlain's Office, the Keeper of the Privy Purse, members of the British royal household, the Property Services Agency and the Department of the Environment, have decided not to try to raise more money by increasing admission charges, which market research indicated would reduce the number of visitors.

The only solution, ministers believe, is to make the palace a going concern. Ministers say something would shortly have to be done about the palace, anyway, because of the position of 69 "grace and favour" apartments let by the Crown to the widows of leading members of the UK military and the diplomatic service.

About 14 of these apartments are vacant, despite the fact that they are provided rent-free.

● Estate agents believe that tastefully developed apartments in a setting such as Hampton Court could command very high prices, although the type of tenure, the size of individual apartments and the level of service charges would be important factors in determining asking prices, writes Michael Cassell, Property Correspondent.

One drawback might be the need to keep open large parts of the palace for visitors – a factor which could dissuade buyers expecting a certain amount of privacy and exclusivity in return for high prices.

British pit union pressed for end to strike

By John Lloyd, Industrial Editor, in Sheffield

PROPOSALS to end the British coal strike without a formal agreement are likely to be put to a national delegate conference of the mineworkers' union in London on Sunday.

A decision by the executive of the National Union of Mineworkers (NUM) to call the conference means that the union's 120 coalfield delegates will decide the next move in the strike now in its 51st week.

With a further record return to work yesterday of 1,114 – the highest Thursday figure since the strike began – the prospect of the organised end to the stoppage became a strong possibility.

Many miners in the loyal South Wales area, backed by Northumberland and Durham in north-east England, believe that the fight over pit closures which began the strike should now be fought out on a local basis.

Strenuous efforts were made during the executive's meeting yesterday to secure a basis for new talks by further softening the union's negotiating position.

In at least four telephone calls to the board's industrial relations director – who was in constant touch with Mr Ian MacGregor, the NCB chairman – the NUM dropped two of the three substantive objections it had had to the NCB proposal which formed a draft agreement covering the crucial issues of the closure of uneconomic pits and a revised colliery review procedure.

The proposals showed a further significant move on the part of the executive towards the board's draft agreement which spells out unequivocally its right to manage and to close uneconomic pits.

These fresh modifications were, however, swiftly rejected by Mr MacGregor. Later in the day, the NUM came back to propose a fresh basis, which was for an acceptance in total of the agreement reached between the board and Nacods, the pit supervisors' union, last October.

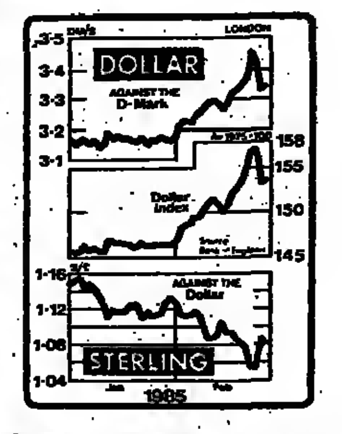
If Sunday's delegate meeting votes down this proposal or if it is not dioscussed, then there is a strong view that South Wales and possibly Durham and Northumberland as well may unilaterally decide to call off the strike at area level.

Many leading union activists now believe that the strike will ultimately end by areas making such decisions. The strike was begun by a number of area executives calling strikes under the NUM's rulebook

The strike a year on, Pages 6 and 7; Feature, Page 12; Men and Matters, Page 12

Dollar turns upward as markets calm

BY PHILIP STEPHENS IN LONDON



THE DOLLAR resumed its upward trend against other leading currencies yesterday as a semblance of calm returned to foreign exchange markets after Wednesday's heavy intervention by central banks.

The U.S. currency, which had tumbled in response to the estimated $1.75bn of dollar sales by the central banks, moved higher despite reports of further, although small-scale, intervention by West Germany's Bundesbank.

The dollar gained 0.75 pfg to DM 3.3425 at the London close. Sterling, which was also hit by renewed concern over weakening oil prices, fell 0.75 cents to end the day in London at $1.0800. It registered small losses against most other European currencies. The Sterling index closed 0.3 points lower at 71.3.

Foreign exchange dealers said that the dollar was underpinned by the same factors – strong U.S. growth, a low inflation rate and high interest rates – which have driven its climb in recent months.

Trading was extremely nervous, however, as investors and banks remained wary of any further raid on currency by central banks.

Many dealers predicted that in the absence of such intervention, the dollar was expected to edge higher over coming days, although the speed of its rise might be limited by fear of central bank action.

The U.S. Federal Reserve'e severely limited role in the intervention served to bolster market confidence that the U.S. authorities are not prepared to participate in any move to cause a major crash in the dollar's value.

It became clear yesterday that the Fed had sold small quantities of dollar, on Wednesday, but European officials, although keen to stress the U.S. participation, acknowledged that the amounts involved were hardly significant.

Currencies, Page 43

Delors attacks U.S. economic policies

BY QUENTIN PEEL IN BRUSSELS

M JACQUES DELORS, President of the European Commission, yesterday sharply criticised the U.S. Administration for its international economic policies, warning of a major clash with Europe on trade and debt problems.

In an address to the economic and social committee of the EEC in Brussels, he called for closer European co-operation to counter the threat of an increasingly aggressive U.S. trading stance.

He also attacked U.S. policies on Third World debt problems, charging that Washington was "just dropping loose change in the collection plate," in discussions of how to tackle the issue.

He said that Europe believed in international trade being regulated with proper trade organisations around the world, but "some Americans seem to think that international organisations should not play an important role in the organisation of the world economy, preferring instead to leave things to the private sector."

"They say simply: 'our system works best.' This is particularly unhelpful," M Delors said. "There is going to be a clash, and somebody somewhere is going to get hurt."

M Delors was not drawn by members of the committee of trade unionists and employers on specific issues of trade relations. He was particularly critical of U.S. attitudes on Third World debt within the International Monetary Fund (IMF), however.

Although the U.S. sought to lay down strict credit terms for such nations, through the IMF, it was at the same time offering loans to finance the purchase of its own exports such as wheat.

"How can a country behaving like this really say it is running the world's economy?" he said.

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The National Front is set to win a sizeable share of the French vote. **David Housego** reports

Le Pen gathers his strength in the cantons

FRANCE'S traditional political leadership is coming to terms uncomfortably with the emergence of a political phenomenon. An outcast on the extreme right for more than 20 years, M Jean-Marie Le Pen, leader of the National Front, *is now building a* position of popular strength.

The Government's intelligence services and most political pundits expect the National Front to exceed in the cantonal elections the 10 per cent of the national vote that they gained in the European elections in June. Voting in the cantonal or district elections takes place in two rounds on March 10 and 17, with one of the main points of interest being the score of the National Front.

M Mitterrand has announced he will bring in proportional representation for the parliamentary elections early next year and this could give the Front a sizeable bloc of deputies in the new National Assembly, providing M Le Pen with a pivotal role should no clear majority emerge among the orthodox parties of the left or right.

"People are flocking to us," M Le Pen told a large gathering of his supporters in Marseille last week. "We are witnessing an upsurge of popular and national opinion in our favour." Blond and bronzed, neatly dressed in blue shirt and blue suit, his family-sized grin beams success.

M Le Pen's close supporters have no illusions about being given ministerial portfolios. But as a substantial minority in the National Assembly they see the Front as in a stronger position to exert pressure in *favour of its major goals.*

That means, above all, forcing back to their country of origin more of the North African immigrants which the Front blames for a host of France's ills, from high unemployment to declining school standards and an overburdened social security system. It also means tougher penalties for crime, lower taxes, fewer buraucrats and a return to the vaguely defined values of nationalism and order that have marked every revival of the extreme right in France.

"What we need over the next couple of years is a clean sweep," says a taxi driver in Marseilles with that simplist logic born of exasperation with the existing political parties. Like many Front supporters, he deserted the neo-Gaullist RPR of M Jacques Chirac as M Chirac toned down his muscular right-wing language to woo the centrists.

In Marseille, the Front has sprung from virtually nothing before the European elections to being the city's largest single party, pulling in 21 per cent of the vote in June. It picked up support in both the wealthier districts of the city (which

Le Pen: political phenomenon

voted for M Giscard d'Estaing in the presidential election in 1981 and where M Le Pen's iconoclastic message now strikes a chord) as well as in the poorer districts where the immigration issue weighs the most.

In the department of Bouches-du-Rhone, of which Marseille is a part, it gathered almost 20 per cent of the vote and in nearby Toulon 25 per cent. All along the Mediterranean coast M Le Pen has a natural constituency in the *pied noirs*, the 1m or so Frenchmen who were evicted from Algeria following independence and largely settled in the Alpes-Maritime, the Var and Languedoc Roussillon. For them the accusations against M Le Pen, that as e paratrooper in Algeria he tortured Algerian prisoners, *stands him in good stead.*

Apart from the south, the main bastions of M Le Pen's support lie in major cities like Paris and the northern towns where immigration is also high.

What has swollen his strength in terms of votes has been the introduction of proportional representation for both the European elections and for the Parliamentary elections. Under the existing single majority system, explains M Ronald Ferdomo, who heads M Le Pen's campaign in Marseille, many potential Front supporters voted for the orthodox parties of the right to keep out the Communists. "But with proportional representation, the 'useful vote' is us," ho says.

The strength of the Front has already forced local opposition leaders in Marseille to strike electoral bargains with it. In the five or six cantons in the city where the Front expects its candidate to be in the lead after the first round of the vote on March 10, it has won the tacit acceptance of the other opposition candidates that they will stand down in the second round. At a national level, M Chirac has refused all alliance with the Front. But the Front leaders believe that this can be only temporary.

The Front has its origins in the neo-fascist Ordre Nouveau movement which sprang up in the late 1970s. But Front supporters now reject the label as a caricature of the liberal Press. They point to the ebsence of violence at Front meetings. "If you are a member of the Front," says one, "you have the sense of being part of a family." It is a family that above all draws together the veterans of Algeria, the ex-Poujadists of the 1950s populist movement and the politically rootless who find no home in existing political parties.

In the carefully organised nightly show that M Le Pen is putting on in France's major towns during the electoral campaign, he plays the role of the evangelist and popular saviour who will restore France to her former greatness. "If M Le *Pen* has so much success," wrote s reporter from Le Meriodional, the Marseille daily, after the Marseille meeting, "it is because he is the only French politician to speak of God, Joan of Arc and love of France."

His comments on race and immigration are few. Ha exploits the accusations of torture against him to proclaim that he will use the courts of law to reveal the pain inflicted on the 60,000 French who died in Algeria. It is a counter-offensive that draws wild cheers.

His ecoomic programme is thin, though he outlines it to rebuff charges that he has no programme at all. "We want a revolution of freedom," he proclaims. "We want to reverse the trend of collectivisation, immigration, unemployment and poverty." To those generalisations he adds complete denationalisation "if possible," tax cuts that could go as far as calling into question the notioo of income tax, and the lifting of exchange controls.

M Le Pen has no need to expose himself to accusations of being a racist because the rally has already had its anti-immigrant feelings roused by previous speakers.

The immediate impact of the National Front's growing success has been to draw the RPR and the UDF closer together into a joint opposition *platform to offset* the *Front.* In most cantons the two parties have agreed to field common candidates during the first round of cantonals.

spurred into stepping up their

The Socialists have been attacks on M Le Pen because of the growing realisation that he is stealing some of their support as well. But they also stand to gain from M Le Pen's success. The more strongly he is represented in the National Assembly, the easier it will be after 1986 for President Mitterrand to divide the opposition and form a government to his own liking.

Industry seeks big tax incentives to boost investment

BY DAVID HOUSEGO IN PARIS

THE FRENCH employers' federation yesterday called on the Government to provide massive fiscal incentives to help stimulate a strong recovery in industrial investment.

M Guy Brana, vice-president of the Patronat, said the Government should take the risk of enlarging the budget deficit rather than allow French industry to lag behind its competitors. He conceded, however, that the Government so far was not sympathetic to this view.

M Pierre Beregovoy, the Economics Minister, has been relying on a lowering of interest rates, the improvement of company margins, a more expansionary international environment and a small boost to domestic demand in the second half of the year as his main weapons to encourage a stronger investment recovery.

He has also set a goal of reducing the budget deficit this year below the 3.3 per cent of GNP achieved in 1984.

The renewed demands for fiscal incentives have clearly been influenced by the article by M Jean Ribond, the chairman of Schlumberger, which was given prominent display earlier this week in Le Monde, as well as in the Financial Times. M Riboud is known in France as a confidants of President Francois Mitterrand and was tipped in 1983 as a possible Minister of Industry.

M Riboud accompanied his proposal for investment incentives, however, with a strong emphasis on holding down inflation through rigorous public finance policies and a ceiling on wage settlements in France of 3 per cent this year.

M Brana argued for fiscal incentives equivalent to about 10 per cent of French industrial investment. On the basis of 1983 figures, this would mean a cost to the budget fo about FFr 12bn (£1.08bn) if the measures were applied only to the competitive industrial sector, and of about FFr 40bn if the housing and public works industries were included as well as the public utilities.

He said that the incentives could come from tax credits, faster depreciation allowances or schemes but enabled companies to recover part of their investment costs through a reduction (value added tax).

The proposals have been made against the background of what the Patronat sees as a weak recovery of industrial investment in France, and below the level of the goals of the 1984-88 five-year plan.

The Patronat expected industrial investment (representing about 30 per cent of total French investment in industry, housing and the public utilities) to rise in real terms by 5 per cent this year, following a similar increase in 1984. Over the two-year period this reflects a trend roughly in line with the forecasts of the state statistics institute, Insee.

For overall productive investment, it foresees less than a 2.9 per cent increase over the two years 1984-85, against 5 per cent in the plan.

In its survey of the state of the economy, the Patronat presents a far more fragile picture than does the government of the success of the current stabilisation programme.

Poland's food prices to go up in three stages

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Government says it will introduce food price rises by the end of June. According to Mr Antoni Gryniewicz, the Deputy Prime Minister, the increases will come in three stages instead of the single round planned originally for today.

At the beginning of this week, the Government announced that it was reconsidering its price proposals after they were criticised by the new trade unions which have been set up to replace the banned Solidarity movement.

The planned rises had also aroused discontent on factory shopfloors, and both Mr Lech Walesa and the Solidarity underground had called a token general strike in protest. This was abandoned, however, once the Government said it was having second thoughts.

Now, Mr Gryniewicz has said that the first stage of the increases will incude flour, cereals, bread and sugar. Rationing of flour and cereals is to be lifted at the same time.

Rises in the price of milk, fats and cheeses will be minimal, he said, and those involving central heating and hot water rates will be put off until next year.

Mr Gryniewicz said nothing, however, about the sensitive issue of meat prices which were originally scheduled to rise by an average of some 12 per cent.

Turkey offers to accept huge Bulgaria migration

BY DAVID BARCHARD IN ANKARA

TURKEY is willing to take more than half a million ethnic Turks from Bulgaria if necessary, Mr Turgut Ozal, the Prime Minister, said yesterday.

Ankara has been pondering ways of responding to international reports that the large minority of ethnic Turks in Bulgaria, though to be 800,000 strong, are being forced to change their names to Bulgarian ones and that some have died in clashes with the authorities as a result.

A week ago, Turkey called on Bulgaria to hold urgent talks about the subject and said it would consider "wide-ranging migration" programme.

Mr Ozal said yesterday that he had asked himself whether Turkey, with its high rate of unemployment, could take a large influx of refugees? "We are not afraid of it," he said. "If they want, let them send us 500,000 people or even more. They are welcome. We will receive them with open arms."

Turkey, meanwhile, is lobbying Moslem countries for diplomatic support on the issue. Ambassadors from all Moslem countries were summoned to the Foreign Ministry on Wednesday for briefings.

Yesterday, Mr Veysel Atasoy, Turkey's Transport Minister, told journalists that he had been studying a report from the association of international transport companies in Turkey about difficulties being placed in the way of Turkish trucks crossing Bulgaria on their way to Europe, appsrently to prevent the drivers talking to ethnic Turks.

Trucks are apparently beiog forced to travel in convoys and are fined if they do not cross between 8.30 in the morning and 5.30 at night. "Things are even more difficult that usual," Mr Atasoy said.

Turkish newspapers continue to publish details of letters smuggled out of Bulgaria to relatives in Turkey. A report in the Istanbul daily, Milliyet, claimed yesterday that, in Asenovgrad, Turks were being denied employment and medical facilities and other social services unless they produced documents showing they had taken Slav names.

Greece relaxes car hire purchase rules

By Andriana Ierodiaconou

GREEK CONSUMERS will be able to buy cars imported from the European Community on hire purchase for the first time from today, the Bank of Greece has announced.

Athens has been under pressure from Brussels to extend hire purchase — so far only allowed for cars assembled in Greece — to EEC imports in order to eliminate discrimination.

Car buyers will be required to pay a deposit of 20 per cent of the purchase price, with the remainder to be paid in a maximum of 24 monthly instalments.

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Danish strike postponed for fortnight

By Hillary Barnes in Copenhagen

STRIKES BY a quarter of a million Danish industrial workers, which were due to start on March 4, have been postponed for 14 days by the official labour market mediator.

The strikes were called by the LO union confederation, which is negotiating new two-year collective wage agreements with the employers' association.

Although leaders on both sides said they were no nearer an agreement than when talks started in December, the mediator has the power to postpone a conflict if he believes there is a chance of a negotiated settlement.

The union strike plans would paralyse manufacturing industry, as well as the power utilities and oil and petrol deliveries.

Bundesbank elated by joint action against dollar

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank has been able to avoid boosting its discount rate and perhaps slowing economic growth, thanks not least to tho concerted central bank intervention against the U.S. dollar on Wednesday.

Bundesbank officials are hence delighted by the close European co-ordination in Wednesday's action, and happy that the U.S. made a token contribution, too.

In the wake of the intervention effort, and with the dollar hovering at around DM 3.32, the Bundesbank central council yesterday decidod to leave tho discount rate at 4.5 per cent, its level since last June.

It is pointed out that pressure to increase tho rate and thus help support the D-mark on foreign exchange markets, would have been much stronger if the dollar had been at its Tuesday level of close to DM 3.50.

Whila a discount rate boost might have strengthened tha West German currency, it would also have been criticised for leading a general rise in interest rates and slowing economic recovery. Instead, tha Bundesbank was abla to confine itself to more popular action—offering more liquidity to tha banks through a new securities repurchase accord at a fixed interest rate of 5.8 per cent.

It is understood that in Wednesday's action the Bundesbank sold about $1bn, or nearly two-thirds of the total sold by all central banks. This compares with around $2bn sold by the Bundesbank during the last quarter of 1984.

Moreover, in marked contrast to the heavy intervention of last September 21, when tha Bundesbank forced back tha dollar rate sharply but found itself virtually alone, co-ordination among tha European central banks is described as "impeccable."

The right psychological moment was quickly agreed to launch the initial assault, and an effective strategy followed to break "lines of resistance"—for exampla at DM 3.40.

The United States weighed in after the main European effort with a relatively small sum—but tho fact that it acted at all is welcomed as "moral support" in Frankfurt.

Despite the U.S. action, West German monetary officials say they are under "no illusions" that there has been any fundamental chango in U.S. opposition to intervention.

It is pointed out that a sharply falling dollar—however welcome for U.S. exporters—would conflict with the U.S. need to attract funds to finance its heavy budget and current account deficits.

Economics Minister survives 'quit' call

BY LAURA RAUN IN AMSTERDAM

FOR THE third time in as many months, Mr Gijs van Aardenne, the Dutch Economics Minister, has survived parliamentary calls for his resignation stemming from his role in the Rijn-Schelde-Verolme (RSV) debacle.

The stalwart Mr van Aardenne yesterday brushed aside renewed attacks from opposition MPs over his handling of RSV, which was the largest shipbuilding group in the Netherlands until it went bankrupt in 1983 despite Fl 2.7bn ($716m) in state aid.

The Economics Minister countered that he already had answered questions over a "blank cheque" given to RSV, his position in the Cabinet and his relationship with Parliament.

Expectations last night were that yet another round of parliamentary debate over the RSV affair would be held next week.

A parliamentary inquiry released last December concluded that Mr van Aardenne had promised RSV a "blank cheque" in 1979 to cover the costs of closing its large shipbuilding operations. Tho Minister also was accused of giving parliament "unsatisfactory and misleading" information about the affairs of RSV in 1980 while the concern was absorbing millions of guilders in taxpayers' money.

The inquiry's finding immediately sparked a political uproar and a late-night parliamentary motion of censure, which Mr van Aardenne, a Liberal Party member, survived by a comfortable margin.

He then survived fresh calls for his resignation early this month when inquiry-commission members appeared before Parliament for further debate on RSV. Liberal Cabinet members have threatened to pull out of the governing coalition with the Christian Democrats if Mr van Aardenne is forced to resign.

In his defence, the minister has argued that he had the Cabinet's implicit backing to finance RSV's slimming-down operations

Bank of Italy voices concern on economy

By James Buxton in Rome

THE BANK of Italy yesterday voiced publicly its deep concern about prospects for the economy this year.

Public spending was again likely to outpace income, it said, and wages were being dragged upwards by indexation that reflected past inflation. It was sceptical that inflation could be ketp to an average 7 per cent this year.

The bank's foreboding in the latest issue of its twice-yearly bulletin, underline in public the message the bank has been conveying recently to the Government. Yesterday, Sig Bettino Craxi, the Prime Minister, held a meeting of his inner cabinet which examined the limited possibilities for action on the economy.

The central bank applauds Italy's performance last year in achieving almost 3 per cent growth in GDP and reducing inflation to 8.6 per cent on an annual basis.

But it said that growth this year will be limited not only by the fact that "European countries do not seem ablo resume on their own path of economic growth which the high level of unemployment makes necessary," but that Italy has serious domestic obstacles to growth.

Inflation is no longer declining and price increases this year have averaged 1 per cent a month, it says.

The budget deficit has already had its forecast raised to L99,900bn (£45bn) from L96,300bn. It is in danger of going higher because of probable delays in bringing on stream new sources of revenne and because of the lack of measures to keep increases in spending within the 7 per cent ceiling this year.

The bank points out that civil servants' wage costs rose by no less than 14 per cent in 1984, while pensions are likely to cost the state almost 12 per cent more this year than last.

Industrial wages will rise by almost 10 per cent this year, it says, and if the proposed referendum on last year's reform of wage indexation goes ahead, and produces a negative result, they will go up by more than another 1 percentage point.

The bank says that the halt in the fall of inflation and the growing deficit on the current account (which amounted to L2,235bn in the first nine months of 1984, compared with a surplus of L1,299bn in the same period of 1983) threatens the recovery of investment

EEC rebuts famine aid attacks

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission moved yesterday to stem criticism of EEC famino relief programmes aimed at tho starving regions in Africa. Sig Lorenzo Natali, tho Development Commissionor, countered claims that the Community had given "too littla and too late" by insisting that its first emergency aid programme worth Ecu 84m (£54m) had been launched as early as April.

This had been followed by a further Ecu 60m in October before tho Dublin heads of government agreemont in December which provided Ecu 280m more.

These schemes alono ensured that EEC food had reached more than 3m people by tho end of tha year, he said. The Dublin agreement had committed 1.2m tonnes of cereals to the eight worst hit countries up until December, and this had now been exceeded by mora than 250,000 tonnes.

Tho Community was also supplying transport, clothing and medical aid. Significant steps had been taken to coordinate aid distribution with other agencies, including non-governmental organisations and the United Nations. The speed and flexibility of EEC responso and decision-making had also been accelerated and improved.

Sig Natali emphasised, however, that the Community put tho greatest importance on averting such tragedies. The third Lomé Convention, signed last Decomber, had reorientated EEC programmes with 64 African, Caribbean and Pacific states towards food self-sufficiency schemes.

Work was also under way to seek solutions to the spread of deserts and soil erosion.

SOVIET FOREIGN MINISTER FLIES IN FOR 48-HOUR VISIT

Gromyko to sound out Madrid on Nato role

BY DAVID WHITE IN MADRID

MR ANDREI GROMYKO, tho Soviet Foreign Minister, arrived here yesterday on an official 48-hour visit during which he was expected discreetly to sound out Spain's Socialist Government on tho country's future position in Nato.

Sr Felipe Gonzalez, the Spanish Prime Minister, held talks with Mr Gromyko only shortly fater meeting Gen Vornon Walters, President Ronald Reagan's nominee for U.S. ambassador to tho United Nations, yesterday morning.

The Soviet minister, who flew to Spain from Rome after talking with Italian leaders and the Pope, is duo to meet King Juan Carlos today.

Sr Fernando Moran, the Foreign Minister, said that thero was no agenda for the talks but that thoy were expected to cover a wide range of multilateral and bilateral issues. The two foreign ministers were scheduled to hold discussions both yesterday and today.

The visit takes place amid continued speculation about Spain's plans to hold a referendum on Nato next year. Sr Gonzalez has made clear his position recommending that Spain maintain its current status in the alliance, which it joined three yoars ago without becoming part of tho intograted military structure.

THE SOVIET President, Mr Konstantin Chernenko, made his second appearance in fivo days yesterday after an eight-week absence through illness, writes Patrick Cockburn in Moscow. The official news agency Tass said that Mr Chernenko, who is 73, was presented with his credentials as a Depnty to a Soviet regional parliament.

Although his reappearance shows that reports that he had suffered a severe stroke are untrue, it is still unclear that he has the strength to play a leading role in government. Television and Press pictures tend to confirm the belief that he is severely incapacitated by his respiratory illness, a diagnosis confirmed by a Hungarian Communist leader.

Mr Gromyko is expected to use his visit principally to expound Moscow's position in the Geneva arms talks. Sr Moran said there would be an exchange of views on the arms race but that the Spanish Government would not be drawn into taking a position on President Reagan's Star Wars strategic defenco initiative.

The Spanish side will be especially keen to discuss Soviet attitudes towards Central America in view of Madrid's active support for the Contadora group's peace initiatives.

During the visit, the two countries, which have only had diplomatic relations since 1977 after the end of Francoism, are due to sign a series of minor agreements on doublo taxation and cultural mstters and to discuss expansion of trade, which runs heavily in the Soviet Union's favour.

Glemp stands firm on defence of priests

BY DAVID BUCHAN

CARDINAL Jozef Glemp, Primate of Poland, said yesterday that relstions between tho Catholic Church and the stato had "cooled" after the murder by secret policemen of F Jerzy Popieluszko, the pro-Solidarity priest, but that the Church would always defend its priests against poltical attack.

Speaking in London towards the ond of his 11-day tour of Britain, ho said that, whilo the Church's work was primarily pastoral, it would "always support something good in itself." He gave as an instance, tho right of workers to a union of their choice, which was a "basic human right," but ho concedsd that a free trade union liko Solidarity or political pluralism were not practical propositions in Poland today.

Cardinal Glemp, who met tho Archbishop of Canterhury yesterday, is expected to havo an informal talk with Sir Geoffrey Howe, the Foreign Secretary, on Monday before flying home. He was clearly well informed in sdvance of the UK government's unwillingnes to contribute towards tho planned fund for private Polish farmers which tho Church is sponsoring.

He recognised that tho "very large" amounts of money once envisaged for this fund—some $2bn was intially talked of—would not now be forthcoming from the West, but he added, "I feel strongly that if tho original pilot project could become a reality," tho whole scheme could yet get off the ground.

Pact call to speed troop talks

BY PATRICK BLUM IN VIENNA

THE WARSAW PACT called yesterday for accelorating tho negotiating process in the talks here on reducing conventional forces in Europe (MBFR). A spokesman said this would give practical meaning to the ceremonies marking the 40th anniversary of tha victory over fascism. Ho also confirmed that the Pact was now initially seeking a partial, rather than a comprehensive, agreement.

Tho Warsaw Pact proposal is for an initial rednction of 20,000 troops by tha Soviet Union and 13,000 by the U.S. within a year of reaching agreement. This would be followed by larger reductions in Nato and Warsaw Pact forces. It also includes a commitment thst thore would be no increases in troops hold by both sides in the Central Europoan theatre for a period of three years. All these elements would be legally binding on each side.

Nato gave a cautious welcome to the proposal last week but sought clarification especially on the connection botween the first steps and follow-on measures, including verification. The Western alliance has beon pressing for a comprehensive agreement covering all troop reductions and verification procedures.

Speaking yesterday for the Warsaw Pact, Mr Josef Sestak, stressed that an initial agreement would have to include a clearly statod commitment to reach a comprehensive agreement. "The linkage (between the first steps and furthor measures) is logical. We would like follow-on measures to be fixed in legally binding articles in an initial agreement. The continuation of tho negotiations would be embodied in tho draft agreement as one of the binding commitments," ho said.

Mr Sestak said he hoped that the West would be able to respond positivoly to tho proposal, although he warned that its responso would be seen as an indication of its political will to achieve real progress.

A Western response is unlikely before the ceremonies on May 8 marking the Allies' wartima victory. The current round of talks ends on March 28 and tha next round should not start until mid-May by which time Nato members may have agreed a fuller response to tho proposal.

Hong Kong opens new crossing to China

By David Dodwell in Hong Kong

A NEW border crossing between Hong Kong and mainland China was opened yesterday at Sha Tao Kok in the north-eastern New Territories.

The crossing – providing only the second checkpoint for road vehicles travelling to and from China – is expected to relieve the current acute bottleneck at the border. It will also speed access to the site of the 1,800MW Daya Bay nuclear power plant, where construction work is about to begin.

Sha Tao Kok, at the easternmost extreme of Hong Kong's land border with mainland China, was a funnel for large numbers of illegal immigrants from the mainland until just three years ago.

As the Shenzhen special economic zone bas grown into a substantial city on Hong Kong's northern border, so the Sha Tao Kok crossing is intended to serve the undeveloped eastern end of the zone.

The Shenzhen authorities plan several tourist developments along the coast near Sha Tao Kok.

At present about 10,000 vehicles pass every day through the single road crossing to the mainland at Man Kam To. Serious congestion has led to frequent complaints.

Jurek Martin in Tokyo assesses the significance of a kingmaker's illness

Tanaka men play bedside politics

THE TEMPERATURE of Japanese politics, already feverish, rose sharply yesterday on the news that Mr Kakuei Tanaka, the former Prime Minister and current kingmaker extraordinary, had been rushed to hospital on Wednesday night.

A medical bulletin said he had suffered a "mild" stroke which bad, at least temporarily, impaired his ability to speak and move. But it said he was in no immediate danger, and was likely to remain in hospital, assuming normal convalescence, for "three to four weeks."

Within hours of Mr Tanaka entering hospital, the high and mighty of Japanese politics trooped to his bedside, including Mr Yasuhiro Nakasone, who would not be Prime Minister today without Mr Tanaka's support and whose hopes for an extended period in office still rest on him.

Although Mr Tanaka, who is 68, has not been in the best of health for years, possibly the result of the strain of his long Lockheed bribery trial, it would be unwise to underestimate the significance of this clearly severe affliction for two reasons.

The first is that, by Western standards, the Japanese have remarkably little tolerance for physical frailty, especially in their public figures. In January, for example, the Speaker of the Lower House was virtually hounded out of office because illness and age cast doubt on

Mr Yasuhiro Nakasone: crucial support

Mr Kakuei Tanaka: extraordinary influence

his abilities to perform ceremonial duties in front of the Emperor; physical weakness can equal loss of respect – and Mr Tanaka, for all his perceived faults, is nothing if not respected.

The second, very relevant in the current political climate, is that Mr Tanaka has been struck down at, for him, a very inopportune time, in that he has been grappling for the last two mooths with the first direct challenge to his factional authority, which is the root of his power.

In January, Mr Noburo Takeshita, the Finance Minister and a member of the Tanaka faction, set up a political support group inside the faction to further his prime ministerial ambitions against Mr Tanaka's wishes. The two have subsequently bought themselves an uneasy, and if the stories of money flying aroung are half true, expensive truce.

One of Mr Takeshita's leading supporters, saying that Mr Tanaka's illness had had "a tremendous impact," explained that the faction was torn between backing three men for the prime ministership – Mr Takeshita, Mr Nakasone or Mr Susumu Nikaido. Everything, he added, depended on whether Mr Tanaka recovered his health and faculties.

Beyond this particular conflict, the affairs of the ruling Liberal Democratic Party are now dominated by the debate over the pending generational change in leadership. Mr Tanaka, former prime ministers Suzuki, Fukuda and Miki and even, for all his vigour, Mr Nakasone, represent the old guard who must some time give way to tha likes of Mr Takeshita, Mr Shintaro Abe, the Foreign Minister, Mr Kiichi Miyazawa and possibly others.

The unanswered question is simply when the transition will be effected. Mr Tanaka and, probably, Mr Nakasone are said to want an early general election this year – in which the LDP could expect to recoup its losses of 1983 – in order to prolong their hold on power; success at tha polls might enable them to rewrite party rules to give Mr Nakasone longer in office; he is supposed to step down no later than November next year.

But each of the "new leaders," as they are known, are still building their power bases and prefer to wait until next year. Their ability to do so may be increased if Mr Tanaka is effectively removed from the action at a critical time.

Indeed, the whole drama of the day was yet another testament to Mr Tanaka's extraordinary influence, in perceived good and ill, on tha Japanese body politic 12 years after he resigned as Prime Minister.

Links with UK still good, says Lange

By Robert Mauthner, Diplomatic Correspondent, in London

NEW ZEALAND'S Prime Minister, Mr David Lange, categorically rejected suggestions in London yesterday that criticism of his country's anti-nuclear policy by Mrs Margaret Thatcher, the British Prime Minister, would in any way affect the good relations between Britain and New Zealand.

Mr Lange is due to have talks next Monday with Mrs Thatcher, who in Washington last week publicly expressed her disapproval of New Zealand's policy of not allowing nuclear-armed or nuclear powered ships to call at its ports.

In Sydney, meanwhile, Mr Adam Butler, British Minister for Defence Procurement, said Britain would continue its arms sales to New Zealand despite the fact that the U.S. had curtailed its defence co-operation with Wellington because of its anti-nuclear politics.

Mr Lange made it clear that his Government's policies and the U.S. decision to withhold intelligence material from New Zealand did not spell the end of the Anzus defence pact, grouping the U.S., Australia and New Zealand.

Peres remains firm on peace initiative despite Likud anger

BY DAVID LENNON IN TEL AVIV

MR SHIMON PERES, Israel's Prime Minister, remains confident that the flurry of diplomatic exchanges with Egypt this week through personal emissaries may produce a breakthrough in the deadlocked Middle East peace process as well as improving bilateral relations.

The Labour Premier and his aides do not share the view of the rigbt-wing Likud Party, partners in the national unity government, that the peace initiative of President Hosni Mubarak is a public relations ploy intended to improve the Egyptian leader's image on the eve of his visit to Washington.

Dr David Levy, Likud Deputy Premler and Minister of Housing, yesterday described the latest developments regarding the Palestinian issue as "dangerous" and "a conspiracy."

Another senior Likud figure, Mr Maim Kaufman, said the positive response of the Premier was an attempt by the Labour Party to torpedo the unity government.

But Mr Peres insisted the idea of direct negotiations witb a joint Jordanian-Palestinian delegation bas promising elements.

At the same time, the Premier made it clear when be briefed the U.S. Ambassador in Israel, Mr Samuel Lewis, about the contacts with Egypt that Israel not only opposes any Palestine Liberation Organisation representatives being among the Palestinian delegates, but also the idea of the joint delegation meeting with the U.S. before an Israeli delegation joins the negotiations. He said this could be a way for the PLO to try to gain indirect U.S. recognition.

The exchange of emissaries continued yesterday with the director-general of the Prime Minister's office, Mr Avraham Tamir going to Cairo and Mr Moshe Shabal, the Israeli Energy Minister returning home from talks in the Egyptian capital.

Despite rejection of any PLO participation, officials in Jerusalem said yesterday that Israel bas no objection to who chooses the delegates. Mr Mohammed Bassiony, the Egyptian charge d'affaires in Tel Aviv, stressed that tha PLO leadership would be the one to choose the Palestinians to attend the peace talks.

Back in the late 1970s when there was discussion about a similar delegation in the wake of tbe Camp David accords, the names of two prominent Palestinian professors working in the U.S., Dr Edward Said and Dr Walid Khalidi, were mentioned as being non-PLO figures wbo might be acceptable to the PLO and to Israel.

Beirut's foreign currency reserves fall to $260m

BY NORA BOUSTANY IN BEIRUT

LEBANON'S foreign currency reserves have dropped to $260m (£240.7m) from $2.4bn just over two yeers ago, Western diplomats said in Beirut yesterday and there were further reports this week tbet the central bank was selling dollars, in small amounts, to increase the supply of the U.S. currency.

The country's dwindling foreign currency holdings have curtailed the bank's ability to influence market trends, and there is growing concern over promised Arab aid.

President Amin Gemayel is thought to have been assured that Saudi Arabia will do its best to help with economic and other aid; but it seems Ssudi financial assistance may be conditional on the repeal of decrees restricting non-Lebanese ownership in real estate and newly established banks, in addition to a demonstration that the country has achieved at least some stability.

Mr Rafik Hariri, who is of Lebanese origin but carries a Saudi diplomatic passport, carried a message to President Gemayel on Tuesday from King Fabd of Saudi Arabla, and officials stressed that Mr Hariri and his Saudi backers were insisting on the abolishment of several decrees passed in 1983 under emergency powers.

Gandhi's reform plans set for boost at state polls

BY JOHN ELLIOTT IN NEW DELHI

OVERWHELMING political support for Mr Rajiv Gandhi, India's Prime Minister, is expected to be reaffirmed in the next few days when nearly three quarters of the country's 380m electorate goes to the polls to elect assemblies in 11 states.

Mr Gandhi was swept to power with a landslide victory in the country's general election at the end of December and is now expected to do badly in only one, or possibly two, southern states.

The elections will reinforce his authority to pursue a wide range of economic and other reforms that he has been mapping out in speeches in recent weeks.

Many of these policies will be developed in the country's annual budget, which has been fixed for March 16. That day should mark the end of over four months of delays in the making of detailed policies and decisions.

The delays started with the assassination of Mrs Indira Gandhi, Mr Gandhi's mother, on October 31. This was followed by the general election campaign. Since then, widespread changes in top ministerial and civil servants' posts, plus a spy scandal involving nearly 20 civil servants, has slowed down the machinery of government.

Negotiations of many major contracts have been held up and are only just restarting. Many Indian representatives of foreign companies have found it difficult to gather information from their sources in tha Civil Service because civil servants are being unusually reticent in the waka of the uncovery of the spy ring.

By the end of March or early April, however, by which time the Government's annnal statement on trade policy will also have been announced, the decision-making is expected to move back into top gear.

The state elections start tomorrow in 940 constituencies in four states involving 9,900 candidates and 120m voters. Voting for another 1,584 constituencies in the rest of the states continues next Tuesday.

The elections will bring a large number of new Congress I representatives to power because Mr Gandhi refused election tickets to more than 800 sitting Assembly members in an attempt to clear out the most corrupt and inefficient people from his Congress I party.

The only major defeat for Mr Gandhi's party is expected in the southern state of Andhra Pradesh, where the Telegu Desam regional party of Mr N. T. Rama Rao, a former film star, is expected to be re-elected to power.

● Plans are being finalised for Mrs Margaret Thatcher, the UK Prime Minister, to meet Mr Gandhi in New Delhi at the end of a tour of south-east Asian countries and Sri Lanka. It was announced in London yesterday that Mrs Thatcher would make her previously postponed tour of Malaysia, Singapore, Indonesia and Sri Lanka in mid-April.

South Africa unveils population programme

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH AFRICAN Government yesterday unveiled details of a new long-term population-cootrol programme, part of a wide-ranging review of policy towards black urbanisation.

Under the new programme the emphasis has switched from reliance on traditional birth control towards encouraging black urban development and voluntary birth limitation through higher living standards.

The aim is to limit population growth to e maximum of 81m people, excluding the four "independent" homelands, by the turn of the next century. The current population, excluding some 4.5m peopla in the homelands, is 28.4m.

Dr Boet Schoeman, director of the population programme, said the whites had already fallen below the population replacement level of 2.1 per cent to 2.08 per cent, while the rate for "coloured" (mixed race) growth was 3.4 per cent, and that of blacks 5.2 per cent.

Studies had shown, however, that the growth rate for urban blacks alone had dropped to that of the coloured population. "It is clear that what we have to do is to urbanise blacks and to raise the quality of life," Dr Schoeman said.

The South African Government has only recently recognised the permanence of a large black population in "white" South Africa. It now appears to have committed itself to e long-term programme of urban improvement for blacks in order to head off a feared demographic explosion.

WORLD TRADE NEWS

UK would boost its Japanese trade 'by joining the EMS'

BY JUREK MARTIN IN TOKYO

BRITISH membership of the European Monetary System could help increase trade with Japan and Japanese investment in both the UK and the rest of the Community, according to Sir James Cleminson, president of the Confederation of British Industry.

Sir James, who has been conferring with the Keidanren, the CBI's Japanese counterpart, and other industrialists here this week, saw two principal Japan-related advantages to the UK joining the EMS, as recommended by the CBI's Council

● It should indicate to tha Japanese that UK industry is now confident that it can compete with West Germany and France and was, thus, a worthy potential partner and supplier.

● Tha inclusion of Europe's two leading currencies, sterling and the D-mark, in the same framework should lead to more handling of trade finance in the Ecu and other EMS currencies, thus minimising what he described as "the yo-yoing of exchange rates" that make life so difficult for multinational corporations.

Sir James also saw a possible additional levar in trying to persuade Japan further to liberalise its financial system and bring it more in line with the market practices of London and New York.

He conceded that Mrs Margaret Thatcher, the British Prime Minister, still apparently sided with the Treasury in its opposition to UK membership. But, he maintained, "political and business pressure is moving against the Treasury."

As well as the endorsement of membership by a wide majority of the CBI Council, he said the Bank of England was now in favour of joining, as were some UK Cabinet ministers and a growing cross-section of political opinion.

The Treasury, he said, had previously maintained that the inclusion of sterling in the EMS would lead to more frequent changes in UK interest retes. But recent experience in defending the pound'a slide against the dollar seemed to disprove this.

Overall, Sir James, after his first visit here, espoused a low-keyed analytical approach to commercial relations with Japan, a contrast, refreshing to the eyes of some observers, to the hectoring complaints and demands that generally characterise discussions on trada friction, especially at present.

He acknowledged, for example, that it was not simply Japanese barriers which kept UK companies out of the Japanese market; many he said, had for obvious reasons decided to commit most of their available resources to Europe and to the U.S.

Serious attention, he went on, should be paid—by both foreign authorities and the Japanese—to the problems of those companies already in the Jspanese market which were still complaining about discrimination. He thought it was very important that Japanese import consciousness be filtered down from the top to middla management purchasing levels; government procurement policies also had e major role to play, though he admitted that "a hrick wall" seemed to have been erected around Japanese huying of defence equipment from anywhere other than the U.S.

Thais seek countertrade

THAILAND HAS set new export promotion guidelines under which Government agencies and state enterprises will ask countries exporting to Thailand to reciprocata by buying Thai products, Commerce Ministry officials said, Reuter reports from Bangkok.

They said the *countertrade* policy adopted by the Cabinet last week will apply to all trading partners, and will not be used to discriminate against any country.

The Cabinet also approved a proposal that different government agencies should in future co-ordinate their imports to enhance their bargaining power

The policy is part of Thailand's export promotion drive which the Government hopes will help cut the trade deficit to baht 64bn (£2.1hn) this year from a preliminary baht 70bn in 1984. Thailand's traditional big trade deficit with Japan, which accounts for over half of its total trade gap, is a factor prompting the Government to introduce the countertrade practice.

ECGD emerges unscathed from Commons committee

BY DUNCAN CAMPBELL-SMITH

FIGHTING talk accompanied yesterday's launcb of the Commons Trada and Industry Committee's report on the Export Credits Guarantee Department (ECGD). "If the spear is not sharp et the tip," said Mr Kenneth Warren, the committee's chairman, referring to Britain's export drive, "it does not matter how heavy it is behind."

The committee has left no doubt that, unlike the Matthews Report produced for the Government in March, 1984, it sees the ECGD broadly in its present shape as the sharpest availahla tip to spearhead UK exports.

In presenting this conclusion, though, the report slightly belies the animated spirit which enlivened its cross-examination of a good many witnesses in November and December. Its conclusions, perhaps inevitably, are generally cautious and leave the minutes of the committee's evidence to speak for themselves.

example, is notably muted: "We endorse the disquiet voiced in the Matthews Report," it says, "that a preoccupation with ECGD's short-term cash difficulties could hinder taking an appropriate view of the longer term perspective. . ."

The report has nothing to say on the critical issue of when the short-term, as it were, becomes the longer term—though the committee took the Treasury to task last November over what one member described as "this wholly obvious point." Instead, the report almost outdoes the Treasury itself in insisting that the onus on the ECGD to run at "no net cost to public funds" is a formula to be applied only with the greatest flexibility.

The report accepts that the nature of the ECGD's long term credit insurance operations makes lt difficult, if not impossible to be precise about the span of years over which net cash flow losses—as incurred in 1983-84 and 1984-85—might be acceptable.

Again, the report recommends greater autonomy for the ECGD but makes few overt references to the many ways in which its witnesses urged that the Department, even while remaining within the civil service, should be injected with a far more commercial ethos. "There is a hlg difference," as one banker told the committee, "between e civil servant and a businessman."

The report recommends that the ECGD be allowed to launch a recruitment drive at all levels, but does not record the committee's own view—expressed at the launch yesterday—that this should he accompanied by a drive to make the ECGD's salariea roughly competitive with those availahle to its staff

Criticism of the Treasury, for who move to the private sector.

This was one of the problems addressed by the Mstthews Report in urging that the ECGD be mede a public corporation. The report rejects this idea out of a concern "that if ECGD loses the status accorded it as a Government department, this will be seen by outsiders as a withdrawal of Government support." The use of Treasury guarantees for innovatory funding moves—which have already proved a success in et least one instance—is not discussed.

The report makes clear the committee's generally high opinion of the ECGD's staff and efficiency, though it accepts that relocating its Comprehensive Guarantee Department to Cardiff now appears a mlstake. This ought to be rectified; lt says, hy means of improving the ECGD's technological facilties, most especially its communications equipment.

Last, the report's recommendations focus on the peripheral advisory work which the ECGD inevitably finds itself doing for exporters under the present system. An inordinate amount of time is spent in this context helping smaller companies and the report suggests the British Overseas Trade Board do much more of this, preferably from offices located alongside the ECGD.

Insofar as the report presents only the positive conclusions of the Commons Committee, however, it omissions imply reservations at least about several of the more striking points made by witnesses to the committee. For example, the report makes little or no reference to such financial qnestions ss the desirebility of some alternative to flat-rate permiums, the introduction of reinsurance or the possibility of investing ECGD reserves directly in the private sector capital markets.

Above all, the committee has decided in its report not to comment on two particular criticism levelled st the ECGD. Executives of Citihank argued in their evidence thst "interest rate equalisation is superfluous and should be done eway with," in favour of some alternative mechanism which might make Government assistance more discriminating.

And second, executives from the UK clearing banks expressed some concern that the ECGD had recently begun to change its attitude and policy to cover applications, complicating relations with the banks.

The report does not touch on this directly; but it is clearly sympathetic to the view that the ECGD is performing a vital role under increasingly onerous constraints—which it hopes that imminent Government reforms might alleviate.

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Berlin-Consult in China meat packing deal

By Leslie Colitt in Berlin

WEST BERLIN'S finance chief Herr Gerhard Kunz has returned from e visit to China with a contract for the city owned Berlin-Consult engineering consultancy to build a second meat packing plant in a Chinese province.

In December Berlin-Consult signed a contract with the authorities in Qinhal province to build a slanghter house and meat packaging plant worth $20m.

Construction is to begin in May in Yangsu province of a meat packaging plant worth $5m which is to process 35 tonnes of ham daily largely for export. The Bank of China, Herr Kunz said, had given a guarantee of payment for both projects so that financing problems are not expected.

West Berlin's AMK exhibition and fair company is to organise the first computer graphics exhibit in China in co-operation with the World Computergraphics Association.

The exhibition along with a symposium is to be held next October 4 to 9 in Peking

Some 60 Western companies are to display their products and about 300 Chinese participants are expected.

FLANDERS TECHNOLOGY INTERNATIONAL FAIR OPENS

European high-tech gap bewailed

BY FRANK GRAY IN GHENT

A SENSE of urgency over Europe's loss of competitiveness in high technology trade has marked the opening this week of the biennial Flsnders Tachnology International fair.

The fair, promoted as the largest of its kind in Europe, serves as s showpiece for the hundreds of high technology industries thet have in recent years chosen to set up subsidiary units in the Flemish-speaking part of Belgium.

Headed by Mr Gaston Geens, the Flanders Regional Government launched the fair two years ago and has used Belgian Government incentives to boost investment in the region, particularly around Ghent, Brugge, Ypres and the eastern district of Limhurg.

The crowded corridors of the exhibition centre this week lend support to official claims of the fair's success. Some 730 companies and research groups bave set up high technology exhibits this year, a 50 per cent rise on 1983. About 60 per cent of the exhibits were staged by companies with Belgian operations.

But behind this facade were expressions of concern over Europe's continuing high unemployment and its need to close the technology gap with the U.S. and Japan.

Mr Gaston Geens

Mr Wilfried Martens, the Belgian Prime Minister, pointed out that in the past decade 14m new jobs were created in the U.S. and 3m in Jspan, while 2m were lost in Europe.

"Between 1970 and 1982, the EEC lost 17 percentage points of world market share in bigb technology products while the U.S. and Japan gained 36 and 38 points respectively," he said at the opening of the fair.

M Jacques Delors, the European Commission President, stressed the Community's support for a common effort to build np the Continent's high technology expertise.

He said that in the next two years, the Commission would launch research end development programmes on radiation protection, hasic technical research, hiotechnology, non-nuclear energy sources, reactor safety, thermonnclaar fuslon end radioactive waste. Within the next month, the commission is to submit a report evalnating the position of European industry in production automation, he added.

M Delors emphasised the importance of the European Strategic Programme for Research and Development in Information Technology (Esprit).

Commission officials pointed out that Esprit's aim is to give a technological pusb within the Community to information technology.

The programme bas heen given a hudget of Ecu 1.5bn (£915m) balf of it from the Community bndget and half from industry.

The Commission recently gave a go-ahesd for 104 collaborative research projects to be undertaken under the Esprit umhrella. The projects will involve some 270 different European companies and research bodies.

Shakespeare heads the bill of BBC programme exports

BY RAYMOND SNODDY

YUGOSLAVIA HAS joined an increasing numher of countries with the purchase this week of the British Broadcasting Corporation's dramatisation of all 37 of Shakespeare's plays.

In making the announcement, Mr Bryon Parkin, managing director of BBC Enterprises, which gronps many of the state-owned network's commercial activities, said he hopes soou to have sold more than £2m worth of BBC programmes.

The BBC last night concluded four days of programme screening at its annual Showcasa eveot for television buyers from around Europe.

This year's event, which took place in Stratford npon Avon, coincided with the completion of the Shakespeare project, with the prodnction of Titus Andronicus.

More than 160 programme buyers from 25 countries, a record, attended some part of Showcase.

Apart from buying all the Shakespeare plays—the BBC will sell only the entire package—Yugoslavis became the first Eastern European country to huy Thresds, the drama documentary on nnclear war. Other BBC successes at Stratford include Miss Marple, the Agatha Christie series, hought by West Germany, Finland, Spain, Italy end Greece. But Fawlty Towers, tha John Cleese comedy, ls still selling well. It was bought this week by East Germany, Portugal and Spain—although there were rumours that the clumsy Spanish waiter in the series might becoma Mexican for showing in Spain. Yes Minister, the setire ahout tha relationship hetween a civil servant and his ministar, has been sold to West Germany—in German.

BBC Enterprises had a turnover of £31.5m for the year to March, 1984, and more than £20m came from the sale of TV programmes abroad. Sales in hoth U.S. and Europe increased by 50 per cent.

This year for the first time eacb buyer had his own booth complete with television set and mediaval-style decorstions with four channels to choose from from 9 am until 6 pm.

The booths, with a total of 150 television sets, were designed to give greater privacy and fewer distractions. Mr Anton Kjaedegaard of Danish Television said Showcase was the best organised market be had ever been to.

Nstional tastes and sensitivities were clearly displayed in what buyers chose. The Scandinavians were deeply impressed by BBC's wildlife programmes

AMERICAN NEWS

White House dismisses Ortega's peace proposals

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE WHITE HOUSE yesterday rejected a new Nicaraguan peace initiative, dismissing it as a propaganda attempt to thwart Ronald Reagan's plans for fresh aid to the anti-Government Contra rebels.

The White House statement came in swift response to an announcement by Nicaragua that it would send home 100 Cuban military advisers and institute an "indefinite moratorium" on new arms acquisitions.

Mr Lary Speakes, the White House spokesman, said that there was "nothing in th so-called peace proposals," announced by Sr Daniel Ortega, the Nicaraguan President, on Wednesday night. "He has launched what appears to be a fairly sophisticated 'peace offensive' to influence the U.S. Congress," Mr Speakes said.

The 100 Cubans mentioned by Sr Ortega were "but a token number of the 2,500 to 3,500 Cuban military and security personnel and the 3,500 to 4,000 Cuban civilians who are in Nicaragua," Mr Speakes said.

As for the arms moratorium, Mr Speakes said that Nicaragua had already indicated that it would not be able to handle much more weaponry in the immediate future, because of the large amount it had already acquired in its build-up over the last few years.

The Nicaraguan proposals "appear to be a change without substance." Mr Speakes added. On Wednesday, the White House said that it would only welcome a new Nicaraguan initiative if it met U.S. concerns over "the military build-up, the subversions of their neighbours, their Cuban and Soviet bloc ties, and the repression of their people, the Church, the Press and democratic elements within the country."

Sr Daniel Ortega

Tim Coone adds from Managua:

President Ortega also announced a third measure to ease tension in Central America. He said that "practical steps" are to be taken immediately to resolve a diplomatic dispute with Costa Rica. Costa Rica is demanding the release of a Nicaraguan citizen who was captured in the grounds of the Costa Rican embassy in Managua on December 24, having sought asylum there in fleeing from compulsory military service.

This dispute has paralysed the four nation Contadora peace initiative in Central America and led earlier this month to the cancellation of a meeting between the Contadora Group—Colombia, Mexico, Panama and Venezuela—and the five countries of Central America.

The peace treaty proposed by the Contadora group had also been foundering on Nicaraguan insistence that its foreign military advisers be removed only as part of a multilateral agreement involving the removal of all foreign military advisers from Central America, including the U.S. advisers and military personnel in Honduras and El Salvador.

This latest unilateral step by Nicaragua therefore represents a considerable softening on its previous position and involves approximately 20 to 30 per cent of the Cuban military advisers presently thought to be in Nicaragua.

The U.S. had been demanding that Nicaragua carry out a three stage phased withdrawal of all its Cuban military advisers as a pre-condition for the further advancement of the bilateral talks between the two countries. These talks were unilaterally suspended by the U.S. in January.

The moratorium on the interceptor aircraft, according to the Nicaraguans, should also allay other U.S. concerns. In November last year, relations between Nicaragua and the U.S. reached crisis point, when the U.S. incorrectly claimed that Soviet MIG-21 jet aircraft were about to be delivered to Nicaragua.

U.S. public opposes overthrow

BY OUR U.S. EDITOR IN WASHINGTON

AMERICANS remain strongly opposed to any U.S. involvement in attempts to overthrow the Sandinista Government, despite President Ronald Reagan's strenuous campaign to marshal support for the anti-Government Contra rebels in Nicaragua, according to a national opinion poll published yesterday.

The Washington Post/ABC news poll found 70 per cent against such American involvement, compared with 18 per cent in favour and 12 per cent with no opinion. The level of opposition was as high as, if not higher than in similar polls over the last year and a half.

The poll figures were released as General Paul Gorman, retiring Commander of U.S. military forces in Central America, told Congress that the Contras were incapable of overthrowing the Sandinista Government in "the foreseeable future," regardless of whether they received further U.S. aid.

Gen Gorman told the Senate Armed Services Committee that he still favoured resuming U.S. aid to the Contras, suspended by Congress last year, so as to keep up economic and political pressure and "bring the Sandinistas to a reckoning." Asked, however, how long such pressure would take to produce changes in the Nicaraguan Government, he replied: "Years."

The poll showed overwhelming opposition to U.S. involvement in attempts to overthrow the Government in all regions of the country and by all segments of the population, including strong backers of Mr Reagan. Republicans opposed involvement by 60 to 26 per cent—against the Democrats' 76 to 12 per cent.

Brazil 'deluded over inflation risks'

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRAZIL stands little chance of being able to reduce its triple digit inflation rate and its failure to do so may well impede a return to international creditworthiness, a former top International Monetary Fund official said in London yesterday.

"Public opinion does not seem prepared to pay the unavoidable price for a genuine anti-inflationary strategy, deluding itself instead into believing that there must be some painless process of stabilisation," said Mr Walter Robichek, formerly head of the IMF's Western Hemisphere division.

In a generally gloomy assessment of the prospects for Latin America prepared for the board of Libra Bank, the London-based consortium bank, he warned that Brazil's incoming President, Sr Tancredo Neves, would be much more tied down by public opinion than the preceding military government and have much less room for manoeuvre in economic policy.

There is not much room for an appreciable decline in inflation which was running at an annual rate of some 300 per cent in January, he said.

But unless inflation is brought down, "it is difficult to foresee a revival of confidence in the Brazilian financial system, and this could well spell a resumption of capital flight on a major scale, particularly if the exchange rate and domestic interest rates are not allowed to keep pace with the inflation," he said.

On other countries Mr Robichek, who is now a private consultant, warned that the long term outlook for Mexico was of greater concern that that for Brazil, mainly because of its failure to improve productivity in agriculture, while Chile is headed for political change which could produce "an extended period of instability during which it may well prove impossible to maintain reasonable economic policies."

Mr Robichek also warned of a deterioration in the creditworthiness of Colombia, one of only two countries in Latin America that has not had to reschedule its debts.

"Colombia can now be judged to be the country with the most critical balance of payments problem among all the large to medium-sized ones in Latin America, with the possible exception of Peru," he said.

This was due to its government deficit which in 1984 was only exceeded among similar countries in the region by Argentina and approximately matched that of Mexico and Peru.

"Official exchange reserves are nearing exhaustion," he said.

Argentina, he said, was the country among the big four in Latin America that "should be the least attractive to foreign lenders." Divisive politics, controversial wage policies, high public deficits and the fourth consecutive year of balance of payments deficit in 1984 mean that "one is hard pressed to find any incentive in the present situation for the savings of Argentinians, such as they are, to be retained at home."

Soaring dollar pushes up U.S. trade deficit

By Stewart Fleming in Washington

THE HUGE U.S. trade deficit has begun to expand again under the impact of the soaring dollar and signs that American companies are stepping up their new orders.

The Commerce Department reported yesterday that in January the trade deficit hit \$10.3bn (£9.5bn). This was sharply up from the \$8bn recorded in December and back to the level at which it was running throughout most of last year.

Commenting on the figures, Mr Malcolm Baldrige, the Commerce Department Secretary, said that he is now expecting that the trade deficit in 1985 will rise to \$148bn from the \$123.5bn recorded in 1984. But private economists are already predicting substantially larger numbers for the deficit in view of both the high level of the dollar which makes imports cheaper, and the apparent strength of the economy.

January's trade deficit was the largest since the \$11.5bn recorded in September.

The Commerce Department said yesterday that imports surged to \$29.7bn in January, 9.2 per cent higher than the December figure and almost equal to the peak of \$29.8bn in September. Exports rose to a record high of \$19.4bn, but this was not a big enough rise to narrow the deficit.

Mexico puts austerity package into effect after oil price drop

David Gardner looks at plans to slim down the public sector in the toughest measures for several years

THE Mexican Government has moved quickly to batten down the hatches in anticipation of future storms in the oil market.

When oil prices fell sharply in 1981, Mexico failed to heed the warning signs and rein in spending, instead borrowing an extra \$20bn (£18.5bn) to make up for lost revenue. In response to much smaller oil price cuts earlier this month, however, it has begun rapid implementation of the \$1.25bn austerity package it announced almost immediately afterwards.

It has, for example, already moved to dispose of 83 of the 236 public sector companies it plans to divest.

The Government's slimming down of the public sector—last year it returned 339 companies owned by the nationalised banks to private hands—has drawn heavy fire from nationalists inside its own Institutional Revolutionary Party (PRI), the left and largely PRI-controlled trade unions.

Sr Carlos Salinas de Gortari, the Planning Minister, said at a press conference last week: "The state's guiding role in development is not affected by selling off cashmere, soft drinks and high quality porcelain producers. Every peso in financing for a soft drinks concern is competing with a peso for a school. We have to choose."

State control over strategic companies like Pemex, the state oil monopoly, or priority companies, which play a central role in development plans, is constitutionally guaranteed in Mexico.

Apart from the divestiture programme, 100bn pesos (£462m) is to be cut from non-priority investment and 150bn pesos from current spending, including a jobs freeze which Sr Salinas said would affect 5 per cent of public sector jobs.

This is the toughest austerity package since mid-1982, when government action came too late to stave off financial collapse months later.

Sr Salinas said the package was justified by the \$300m loss in oil revenue this year, following Mexico's recent cut of \$1.25 a barrel on its premium Isthmus crude and last month's inflation rise.

Consumer prices rose 7.4 per cent in January, the first time since the crisis began that a monthly rise has exceeded the same month of the previous year.

In anticipation of any further oil price fall or a rise in interest payments on its \$96bn foreign debt, Mexico has a contingency reserve of 200bn pesos, as well as international reserves of \$8.5bn. Last year's contingency fund of 277bn pesos was massively overspent, largely due to higher-than-expected domestic interest rates.

Mexico has an additional cushion in that its projections for interest payments on its foreign debt are set more than two points above actual rates. Independent calculations show that this margin would, however, be wiped out were oil prices to fall by about another \$2.50 (applied as an average to Isthmus and Mexico's heavier Maya crudes). Mexico earns about \$16bn a year from its average 1.5m barrels a day crude exports.

Strike at Pan Am forces cut in flights

By Terry Dodsworth in New York

PAN AMERICAN, the U.S.'s third largest airline, was forced to trim its flights to a minimal level yesterday when its mechanics walked out on strike in a pay dispute.

The company said that it was continuing with selective flights to its main destinations using supervisory staff to stand in for the 5,750 mechanics. Nevertheless the walkout had an immediate impact on the airline, reducing New York flights to London, for example, from three to one a day.

The dispute is threatening to plunge Pan Am into a serious crisis at a time when it is engaged on an ambitious expansion plan. Over the past four years, the company has lost \$760m (£697m) culminating in a \$207m net deficit in 1984, but it has been aiming to break back into profits again through a programme of reduced costs and revenue growth.

Last September, when the company decided to revamp its fleet in a deal with the European Airbus consortium, it stressed that the development programme was contingent on agreeing new concessionary contracts with its 21,000 employees.

Since then Pan Am has been in continuous talks with its five labour unions, trying to negotiate substantial productivity improvements. It agreed a tentative contract with its pilots only a few days ago.

SEC official quits

MR JOHN M. FEDDERS, head of enforcement at the Securities and Exchange Commission in Washington, resigned on February 25 following widespread publicity about the physical abuse of his wife and his growing financial difficulties, reports Stewart Fleming from Washington.

The marital problems, and the violence which the 43-year-old Mr Fedders has employed against his wife of 18 years, has been reported prominently in the Wall Street Journal and the Washington Post this week partly as a result of divorce proceedings in a local court.

UK MINERS – ONE YEAR ON

Immense impact on haulage industry

By Walter Ellis

THE STRIKE'S impact on Britain's road haulage industry, which has helped keep power stations and steelworks supplied with raw materials, has been intense.

Some fleet owners in both England and Wales, and in Scotland, have undoubtedly made a lot of money by taking advantage of the rail unions' ban on the movement of ore and coke. One Midlands contractor was reported to be well on the way to his second million.

But for every man who has toughed it out, there is another who has suffered. Bankruptcies and closures have risen appreciably, while many companies are existing on the edge.

One honourable loser is Alan Price, whose haulage company operates from Bargoed, north of Cardiff. When the dispute started, he had 30 lorries on the road, including three that were brand-new. Last week, getting six out and working was seen as a good day's work. Only eight of his 30 drivers still have employment.

Mr Price did not ask his men to cross picket-lines, but came to believe that the Transport and General Workers Union had blacked him anyway. A potentially lucrative contract in the Midlands was lost in the process, and he found out only this month that the blacking was never official.

What is undeniable is that the industry responded with great flexibility to the crisis. The National Coal Board and the Central Electricity Generating Board are known to have been deeply impressed by the hauliers' response to the railmen's ban.

The Prime Minister has given a boost to lorrymen's hopes by expressing her open admiration of their private enterprise, and one of the key questions in the months ahead will be the extent to which British Rail wins back its traditional business.

Two companies which have sought throughout the strike to defend their own rights without infringing others' are Richard Read (Transport) and G. M. Read, run by *Richard Read's* brother, George.

The Read family, based in Gloucestershire and active in South Wales as well as England for many years, has written its own chapter in recent months in the history of British trade union law. Blacked first by the National Union of Mineworkers and then by the TGWU, the Reads decided early in the strike to use the Prior-Tebbit laws to fight back.

Last April, they obtained an injunction in the High Court requiring the NUM not to interfere with the companies' trucks going in and out of the Port Talbot steelworks and not to threaten or abuse Read drivers. This injunction was ignored, and it was the subsequent legal battle that led to sequestration of the whole of the union's funds in South Wales.

Next, in October, lorries laden with materials for British Steel were blacked by the TGWU at Cardiff docks. Again, an injunction was served, only this time the union hastily withdrew from the fray and undertook to avoid confrontation with the Reads throughout South Wales.

"Richard and I are not union bashers," George Read insists. "We are only seeking to secure jobs of our employees and their safety. We have been forced into this action in the interests of keeping our business alive."

How the CEGB stopped the lights going out

BY MAURICE SAMUELSON

ON CHRISTMAS EVE, Mr Peter Walker, the Energy Secretary, received a surprise present from Sir Walter Marshall, chairman of the Central Electricity Generating Board.

It was a confidential disclosure that, although the worst of the winter might still lie ahead, so much coal was reaching power stations that he could start planning to reduce the amount of oil being used during the miners' strike.

Confirming this disclosure a week later, a triumphant Mr Walker announced that it meant power supplies were secure not only for the rest of this winter but through next winter as well.

Yet within weeks of Mr Walker's boast, there were at least two occasions when record electricity demand throughout the country almost matched the available supply. Had this occurred, the Board might have blamed the arctic weather. Mr Arthur Scargill, however, might have rejoiced briefly like the already defeated Germans on hearing of the death of Roosevelt.

For despite Mr Scargill's claim that he never predicted power cuts, the rest of the country was led to regard them as essential to a victorious coal strike.

The possibility of power cuts was underlined by coal's predominance in the fuel mix of the electricity industry. Of the CEGB's capacity 68 per cent was coal fired, compared with 15 per cent using oil, 9 per cent nuclear with the balance supplied by gas turbines and hydro-electricity.

Of the Board's 90 power stations when the strike commenced, 50 were coal fired, providing 32,000 Mw out of the total declared net capacity of 51,000 Mw. The 11 oil-fired plants accounted for just over 10,000 Mw with the nine nuclear stations producing less than 4,500 Mw.

But as the months passed, it became clear that this combination gave the CEGB a surprisingly high degree of flexibility in meeting its obligations to maintain continuous supply. This flexibility is among five key factors which enabled it to keep the lights on throughout the strike and a bitterly cold winter.

- The record coal stocks at power stations and elsewhere when the strike began;
- The defiance of the strike by power station workers and miners in the Midlands;
- The elasticity of oil's ability to replace coal;
- The overwhelming, though not automatic, loyalty of the CEGB's 50,000 employees;
- The CEGB's canny policy of silence.

Only the last three of the five factors listed above were within the CEGB's control. While none of them in isolation could have averted power cuts, all five combined deprived the strikers of a knockout victory. The role performed by the road haulage industry in keeping power stations supplied with raw materials has also been vital.

Sir Walter Marshall and his colleagues must have rubbed their eyes in disbelief that the strike began with power stations holding record post-winter stocks of nearly 27m tonnes of coal. This was a third of the Board's normal annual consumption of coal and it could easily be stretched further by putting some coal-fired plants into reserve and using the oil-fired plants flat out.

The CEGB—with Government support—decided on March 28 to maximise its oil burn at any cost and within weeks it was all systems go at the Isle of Grain and Littlebrook power stations, long regarded as white elephants which should never have been built.

Also hard at work were Fawley and Pembroke in the south-west, for years regarded as too costly to run for more than six hours a day. North of the border, the South of Scotland Electricity Bard switched on its own oil burning white elephant at Inverkip to export power to England.

Meanwhile, the power stations on the working coal fields, clustered along the River Trent, were, as a power official put it "jumping up and down on the ground," a reference to the mountainous steam clouds enveloping their cooling towers.

The country's power needs were thus being generated by a new alliance of the Midlands power stations and the oil fired plants in the South. The nuclear power stations, although slightly reinforced as new capacity came on stream, continued to contribute to the grid.

The most flexible power stations, designed to respond quickly to sudden surges in demand, were the Board's gas turbine generators and its hydro-electric pumped storage units in North Wales.

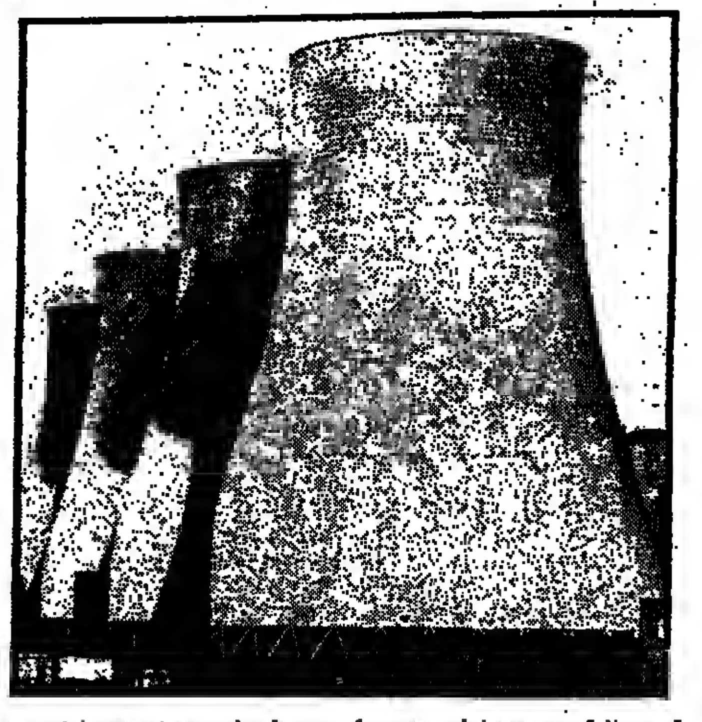
By far the cheapest "fuel" has been the water in the CEGB's pumped storage stations at Dinorwig and Ffestiniog in Snowdonia. These plants use cheap night-time electricity to pump water from a low reservoir to a high reservoir, and the water pours down into the generating unit at peak demand.

All these steps were routine, however, compared with the dramatic increase in the amount of oil used by the CEGB to replace coal. The Government was amply satisfied last summer to hear that the Board could burn oil at the rate of 700,000 tonnes of coal equivalent a week, then regarded as the maximum.

By November, it transpired that the weekly oil burn had mysteriously shot up to 1m tonnes of coal equivalent (TCE). As a result, coal was now required for well under half the country's electricity needs instead of the usual 80 per cent.

This was achieved in mainly two ways. Some oil-fired power stations were performing beyond their official economic rate; and a lot of oil was somehow being consumed in coal-fired stations.

A third explanation, which was less rewarding for the CEGB, was that more oil was being used to light up those coal-fired plants transferred from base load operations to peak load only.



Fear of antagonising various unions dissuaded the board from supplying any of its coal-burning plants on the Thames from its 3m tonnes stockpiled at Rotterdam.

The CEGB's self control was characterised by the wall of silence which the CEGB threw up around its highly geared London Press office. Within days, the board also stopped displaying its daily demand total in the foyer of its headquarters.

If this silence was meant to keep the power stations out of the thick of the fighting, it paid off handsomely. There were no pitched battles at their gates comparable with those at the steel works.

But it has two other likely explanations: for all Sir Walter's bravado, and that of the ministers who echoed him, the Board's operations staff were never complacent about their ability to sustain power supplies; secondly, as the Board itself admits, the same battle might one day be fought again and its would-be challengers should know as little as possible about how it weathered this one.

The new heat from the Coal Board's kitchen

BY JOHN LLOYD, INDUSTRIAL EDITOR

ONE OF the many lessons taught by the mineworkers' strike is the similarity between National Coal Board managers and miners (many of them *were* miners, or sons of, grandsons of, nephews of, brothers of, miners). The managers, too, have had the painful experience of being confronted by an elderly American whom they did not want as chairman. Many are still unreconciled to him; some are no longer working for him; others are becoming enthusiasts for him; few believe he, or more precisely the style of changes he has wrought or is planning, will go away.

In the near-year of the mineworkers' strike Ian McGregor has used the enforced leisure to begin to reshape the last-profit-conscious of Britain's state industries into what he calls, and is mocked by the mineworkers' president for calling, a business.

He started at the top. The Board, dominated by long-serving mining engineers, were replaced by a largely new one in which the majority is now held by part-timers, old friends of the chairman, mostly successful businessmen with proven entreprenurial flair and an interest in management systems.

Top day-to-day management was centralised in the office of the chief executive, composed of MacGregor and Mr James Cowan, his deputy chairman and former director of the Scottish area. The old post of director general, often heading up a department whose operations were "shadowed" by a Board member with titular (and duplicating) responsibility for it is gradually disappearing.

Mr Kirk (left) and Mr Cowan.

Mr MacGregor has tried, and in part succeeded, to cut through the network of management committees he found in the Board's Hobart House headquarters and which are a legacy of the 1970s, when Sir Derek Ezra created them in the interests of consensual management. MacGregor, curiously enough, is also after consensual management: a 1979 "Fortune" profile singled out this quality in the then chairman of Amax Corporation as the keystone of his management philosophy.

But the common description disguises wholly different approaches: crucially, Mr MacGregor emphasises the primacy of strong leadership—a quality he extolled eloquently in his speech to the Institute of Directors' conference earlier this week—and sees its main task as setting, and gaining acceptance for, a range of goals which are pursued all down the line.

These goals—much greater flexibility in both management structures and working practices, a strict orientation towards profits, the attempt to mould much more co-operative mining unions—are sometimes not wholly new but are always more vigorously pursued.

Two of his senior executives trapped at the sharp end of a strike, did not like the heat in this kitchen and left with some bitterness: Mr Geoff Kirk, formerly public relations director, went last November after months of seeing his advice disregarded and his methods derided. Mr Ned Smith, formerly director general of industrial relations, retired in January.

The British Association of Colliery Management, which represents the corporate interests of middle and senior managers, has not been so easily dislodged: Mr Alan Wilson, its stubborn general secretary, has for the past three months quietly lobbied Mr MacGregor and the Energy Department for a less autocratic, more consultative, chief executive's office: he has got reassuring noises but so far little else.

UK MINERS—ONE YEAR ON

With the strike now almost a year old, FT writers talk to a striking miner and his family in Yorkshire and to the director of the National Coal Board's north Derbyshire area

'If we didn't win, at least we tried'

By David Brindle

THERE ARE two television sets in the Doherty family's lounge. One has no sound, the other has no picture.

In the kitchen, there are two cookers. The second, picked up for £5, has been installed until there's money enough to repair the first.

Sometimes, the family says, the domestic appliances have seemed to be in league with the Coal Board. Apart from the TV and cooker, the past year has seen the demise of two electric kettles, an iron, vacuum cleaner and lawnmower.

But make-and-mend has become second nature to the Dohertys since John, the only wage-earner, walked out of his pit last March with £75 of wages in his pocket and a firm belief that the strike would be short-lived.

"We used to joke about it going on as long as two or three months," he says. "We knew it was coming, sooner or later, but we thought it would be all over in two or three weeks."

It is, perhaps, surprising that John, a 34-year-old underground worker, remains on strike. Not only has his pit—Kellingley, North Yorkshire—shown a substantial "drift back" in recent weeks; he is also a relative newcomer to the industry and does not live in a traditional mining community.

In the local idiom, he is "green labour." A central heating engineer by trade, he turned to mining in 1978 as a short-term measure until the construction sector came out of recession. He's still waiting.

He and his wife, Sue, and their children Melanie, 14, and Richard, three, moved to a new council house in Selby, about 10 miles from the pit, less than a year before the strike began.

Living in Selby—"a very conservative town," says John—has not made the past year any easier. There has been no soup kitchen for miners and it has not been feasible for the Dohertys, who have no car, to make the 20-mile round trip for a free meal at the Kellingley strike centre.

Without the credit-and-cut-prices offered by the sympathetic shopkeepers in tighter-knit mining communities, the family has received only the weekly food parcels distributed at the local Salvation Army centre — and they were not organised until three months into the strike.

The Doherty diet has been restricted: toast for breakfast, toast for lunch, one one square meal in the evening. All the family has lost weight. The standing joke is that when John and Sue celebrate the first post-strike pay packet ("the bills can wait") the steak will be too rich for them.

As for cash, the Dohertys have been living on £41.72 a week, made up of £13.70 child benefit, £18.02 supplementary benefit for Sue and the children (after the deduction of the £16 "deemed" to be union dispute benefit) and, usually, £10 expenses paid to John for a double turn of daily picketing.

In addition, the Department of Health and Social Security has paid the council house rent of £20.02 a week.

So, instead of John's weekly pre-strike take-home pay of £75, the family now has had an additional £38.04 from the state plus £10 picketing money. However, this comparison excludes the effect of the overtime ban, which preceded the strike by four months and which cut John's average take-home from £120.

The family car was repossessed by the finance company during the overtime ban after John had defaulted on instalments, having already paid off £800.

Today, the family reckons it has debts of £1,200 because of the strike.

The bank foreclosed on a loan taken out before the strike and threatened to send in the bailiffs; the local water authority served two writs (with £48 costs) months after the Dohertys say they were assured not to worry if they found it hard keeping up £2 weekly payments.

Without concessionary coal, the solid fuel central heating has been out of commission. A neighbour lent an electric fire ad, during the very cold spells, the family camped in the kitchen with the cooker's gas rings lit for warmth. Though it has been a close call once or twice, the electricity, gas and telephone have remained connected.

What the children need most, say John and Sue, are new clothes and a holiday: the family had one day in Bridlington, courtesy of a strike fund, but found the lack of spending money an embarrassment.

The other break was at Christmas, when the Dohertys went to Sue's family in Bradford.

Although Sue supports her husband's stand, she does not see eye to eye with him over friends and neighbours in Selby who have broken the strike. To him, they are deserters; to her, they are exercising their democratic right.

John, who had never been a trade union member before he became a miner, is not a union official and would not consider himself an activist. But the strike has turned him into a harsh critic of the Government, the media and the police.

He picketed at Orgreave cokeworks ("to be arrested you just had to be there") and he has been detained by the police, but not charged. He says: "At one stage, I got so bitter I gave up picketing for a couple of months. If I hadn't, I would possibly have ended up throwing bricks like the rest of them."

As for the issue of uneconomic pits, he knows that Kellingley "Big K"—has a secure future, but fears for the industry elsewhere. He wants his son to have the chance of a pit job, should he so desire.

John says: "I will look back on the strike with pride, because it will go down in history and I took part in it. We tried to save jobs, even if we didn't win. At least we tried."

Mr John Doherty (right) on picket duty at Gascoigne Wood.

How Mr Moses broke the mould

By John Lloyd

KEN MOSES stuck his neck out first. The director of the Coal Board's North Derbyshire area hesitated for two weeks after the strike began: he had a few hundred men working in Bolsover, and a handful in Shirebrook; and he thought seriously of sending the Shirebrook men home "because of potential trouble in the future."

But "I came to the view that Arthur Scargill was going to have a once-and-for-all crack at establishing that pits could not be closed for economic reasons. The only chance we had of not suffering that indignity was to get the men to come back to work."

Mr Moses spent a further two weeks grumbling at his pit managers to identify men, as chargehands, who might lead others back through the picket lines: he drew a blank. Then he changed his tactic: he decided to "roll them back from the edges." This meant concentrating his fire on the pits on the Derbyshire coalfield's periphery, where traditions of solidarity were weakest—especially those pits near to the border of working Nottinghamshire.

He began at Shirebrook pit; he had prepared a very large scale street plan of the village, marking those houses where men worked at the pit, where others worked at the nearby Warsop and where others worked at other pits. He identified too where the other Shirebrook men lived—many of them actually had homes in Nottinghamshire.

He then told his sceptical managers to visit them in their homes: sometimes dropping a note first, sometimes simply turning up on the doorstep. The managers objected that they might meet counter-productive hostility. He told them: "The only thing you'll need for this job is a strong bladder for all the cups of tea you'll get." That turned out to be mostly true: "They were glad to see him, they didn't know what was happening."

Mr Kenneth Moses

Mr Moses commissioned a survey of attitudes among his miners, and found that intimidation at home was a major worry. He talked to the Derbyshire police and closer protection eased the problem. But the drift back was terribly slow: a strike nationally was largely solid outside Nottinghamshire, Leicestershire, and South Derbyshire; the miners' leadership kept winning concessions in successive talks: it seemed as though the union could win.

He spent a "long difficult summer—I believe all managers should constantly question themselves, and I had some hard questions to answer."

He had support at home and among his area colleagues but he got rough words in front of and behind his back from many, including his fellow area directors, whose areas had largely stayed solid and who saw his methods as irresponsible and damaging. The industrial relations professionals, steeped in a tradition of working through the national and area union leadership, often saw him as a lone cowboy.

A chart in Mr Moses' Bolsover offices shows when his difficulties began to lessen. In November, after the breakdown of negotiations at the Advisory Conciliation and Arbitration Service, the minimal week-by-week progress suddenly lifted upwards: North Derbyshire's mineworkers began to lose heart.

By the end of the last year, North Derbyshire was being promoted by the NCB as the hammer of the NUM, as each week large numbers of mineworkers returned to work.

Mr Moses had broken the mould; others, who had at best doubted his tactic, were now following.

He was careful, throughout the months of cajoling his men back to work, never to attack the union. "I've never opposed the union as an idea; I've always said, and I've meant it, that it is to our advantage to have a strong union properly led."

He has stayed in touch with the area union leadership in Chesterfield, and though the relationships are understandably cool, the two sides have been able, in recent times, to sort out individual cases of hardship.

He has been unsuccessful, however, in persuading the Derbyshire NUM, to encourage the branch secretaries to go back to work and to give the leadership to their men once more: but he is adamant that he would prefer the elected leadership to any unofficial "working miners" leadership which might arise — as it has in neighbouring Nottinghamshire.

"I've never given any privileges to the working miners' groups. The most they got is a day off without pay to attend to their business. I don't want a class of leadership between them and the elected officials—though if the men elected different officials after the strike, that's up to them."

He is now conducting seminars with his managers, under-managers and deputies on their conduct once the strike is called off. "I've said, there must be no talk of victory, no victimisations, no picking on anyone who called someone else a scabby bastard.

"I will not tolerate men not working together. I've said, if anyone refuses to work with another miner, either because he hadn't been on strike, or because he has, then they're both up the road."

Mr Moses has come through one of the most difficult management tasks any manager in any industry could have anticipated. He is now understandably pleased with himself: and it is certain that others are too. Together with a handful of other area directors—Michael Eaton, the North Yorkshire director, who was handed the potentially poisoned chalice of being the Board's communications chief; Albert Wheeler, the tough Scots director, and John Northard, the North Nottinghamshire director, Mr Moses is in line for higher things. He has shown the much-vaunted commodity of entrepreneurial flair in adversity—and when his chairman and the Cabinet look round for senior appointments in the months ahead to cope with the challenges of the post-strike period, Mr Moses can expect to be in line.

Pit managers prepare to reap their rewards

BY DAVID GOODHART, LABOUR STAFF

AFTER A year of anguish and conflict beyond their worst fears, many of Britain's 175 colliery managers are preparing to reap their reward: the right to manage.

Despite the disarray in the NUM, laying claim to such a right will not come easy in an industry which for 40 years has been the epitome of British corporatism.

National agreements will continue to dictate much of what they do and the unions will retain some power both locally and nationally. But while trying not to lick their lips too obviously, many managers openly welcome the extra authority that will spring from the NUM's evident defeat and, as important, the senior management's tough new decentralising business philosophy.

Mr Bill Steele, manager of Shirebrook in North Derbyshire and a veteran of six Scottish and four other Derbyshire pits, is blunt about it: "Too often in the past managers have conceded too much and built up problems for the future. That's one of the reasons we're in the position we are today. The pendulum is now swinging the other way."

Putting a different gloss on it Mr Arnold Vardy, from Whitwell also in North Derbyshire, stresses that local managers will not be getting "harder." They will simply have their authority undermined less by senior management.

"The strength of management depends on the support given from above and in the past we have been let down from above," he says. For example he—like several other managers—has, until now, always assumed that when the industry-wide dispute procedure went up from pit to area level it was tantamount to losing the case.

"The system has taken a lot of responsibility out of management's hands and the coal-at-any-cost policy has undermined the manager at the pit." But the new regime at Hobart House—while certainly not to the liking of all managers—is a godsend to Mr Vardy.

"At certain pits the NUM has battered management around the head, knowing that they are tied by fear of having the men out on strike,' he says.

Mr Derek Law, from the more militant Silverwood colliery in South Yorkshire where only a few dozen men are back, is even more outspoken. Like many of the older managers, he is a physical former face worker with a bustling energy and a shrewd battalion commander's understanding of how men tick.

He doesn't mince his words about discipline. "After the 1974 strike I made the basic mistake of not keeping a record of events. But now I've got a list of everyone that's committed misdemeanors in the dispute. Everyone will be seen individually and challenged. If they can't explain themselves they won't go back to their original job."

He continues: 'We've got a faction of about 30 to 40 real militants and this is an ideal time to sort these fellows out. Before the stike we took a soft line and the result is we have trained left-wingers—we've even paid them to go to Russia and Ruskin College."

Of course, it's easy to talk tough and, having struggled for a year in many cases to keep the pits open, it is not surprising that some bitterness towards the NUM creeps in. But when pressed on particulr local agreements that were conceded under pressure and which they would no wlike to claw back, most managers protest that it was only other pits and weaker managers that suffered from wasteful custom and practice.

Custom and practice: There are a few reforms, however, that are widely expected and have already been implemented in some part-working pits. They include: stopping the practice ofending shifts early; cutting back on special payments such as working in water; ensuring people are paid for the jobs they are doing now and not the ones they did some years ago.

The number of NUM committee men who are effectively on full-time union work will be cut back, while the practice of losing a whole shift for a consultative meeting that may only take half an hour is unlikely to survive.

Mr Law also raises the issue of becoming more selective about who goes on the production face. "We have some real destroyers here and in the past we have simply let them go onto the face—that's got to stop."

More bravado, perhaps, but Bill Steele is also adamant that "we have an opportunity to put things right that want putting right."

Strikes: Managers realise that introducing some of these changes will not be easy. Indeed, while all seem to agree that another national dispute is ruled out for the rest of the century, they also believe that the immediate aftermath of the strike could see a flurry of local stoppages.

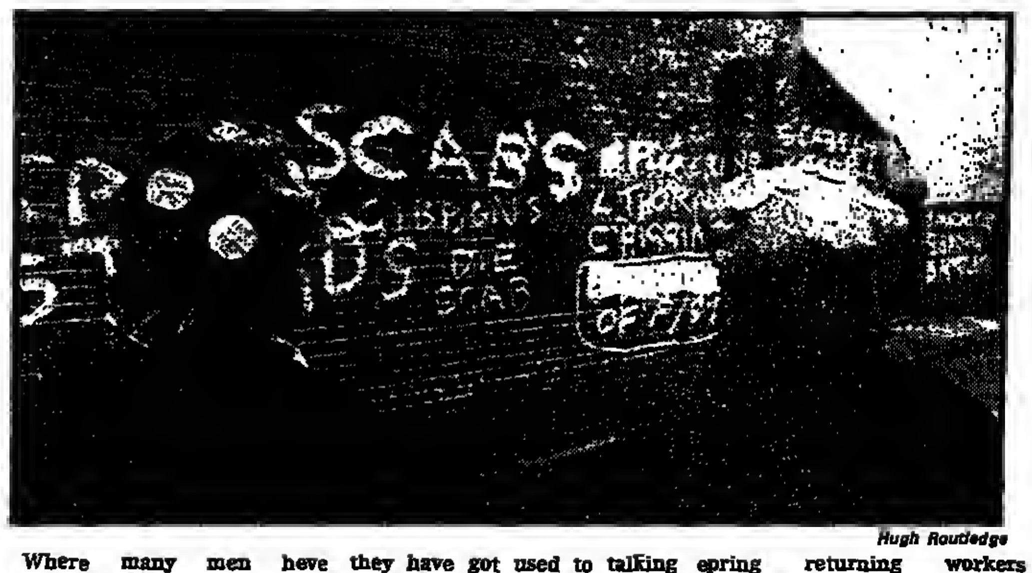
In hard areas strikes will flare over working with strike-breakers, exacerbated by the fact that coal production and thus the opportunity to earn bonuses may not start for some months.

NUM: At least a temporary change in the local NUM leadership is widely predicted —especially in those areas which originally supported the strike but where majorities have drifted back. Mr Eric Wilby from Wistow in North Yorkshire, where 80 per cent are working, says: "I would certainly anticipate changes in the NUM—the men have lost confidence in the leadership at all levels. But they have not lost loyalty to the NUM—that is about loyalty to one another."

Local NUM officials in many pits now also concede that they will be out in the cold for a year or two. Mr Steele, however, supports their assumption that they will be back. "They will come back because they're good at organising."

Derek Law wants it both ways: "We've got to keep the silent majority going to branch meetings to make the policies but the Left-wing officials should stay in place because I don't want them going down the pit and causing trouble."

The common boast of NUM officials that, with their knowledge of the men and agreements they are indispensable to the smooth operation of pits, has been rudely snubbed in some places.



Hugh Routledge

Where many men have returned—while the local officials have stayed out—informal representation has often been taken on by a new wave of activists. Eric Wilby says that those men who have been elected by workers to carry out safety checks—as the law insists—have also acted as informal union officials.

Communication: One prop of the NUM's power as the sole communicator of management views is certain to be kicked away forever in many pits.

Managers over the past few months have spent a lot of time on the telephone, persuading individual miners to return. When the men have come back they have got used to talking to them direct in small groups or together in the canteen and, as Arnold Vardy puts it, "we have got a taste for it."

The exact nature of the new power relations in the pits still depends heavily on precisely how the strike ends at individual collieries.

Managers where most miners are now working say they have been pleasantly surprised at the relative lack fo tension between different groups of those back at work—although many pits have a handful of early strike-breakers who have been excommunicated by the rest. Because of the slow drift back managers have generally been able to spring returning workers among different groups which, they say, has lessened the resentment and the risk of sabotage.

But few will predict how the atmosphere might change if the final 20 or 30 per cent of committed strikers come back together. Many of those in the final batch will have mates who have been sacked by the board and may want to take it out on someone.

For managers such as Derek Law at Silverwood with only a tiny proportion of men working the problems could be even greater. "There will be conflict here—no doubt about it—but that's what they pay me for."

Why Barnsley's bustle is very far from what it seems

BY DAVID GOODHART, LABOUR STAFF

A shopper in Grimethorpe, near Barnsley.

THE MINERS' STRIKE in the Barnsley area has created wonderful opportunities for bargain hunters. The town's impressive shopping centre is full of people flitting from one permanent sale to the next as retailers groan under the estimated 25 per cent cut in takings due to the dispute.

The bustle gives the town a misleadingly normal feel. In fact the anonymous shoppers are far more likely to be working in the black economy, undergoing divorce proceedings or turning to crime as a direct or indirect result of the one year stoppage.

The economic and social problems created for the Barnsley district are considerable but should not be exaggerated. As Mr Syd Kirby, president of the chamber of commerce puts it: "People here have confidence in the future its the present that's causing us distress."

In normal times about 17,000 people—including one third of all working males—are employed by the NCB, the largest single employer in the area. At least 14,00 have been on strike for the last year which has taken nearly £100m in wages out of the local economy or about £2m a week.

The retail sector has of course been hit hardest. All shops complain of the effects and a handful have closed. But Syd Kirby adds: "The remarkable thing is that half the shops in town haven't closed."

But the large population of (in normal times) relatively high earning miners ensures a healthy future for Barnsley's commercial centre at least in the medium-term. The Woolworth's site in the shopping centre vacated just before the strike has already been snapped up for use by three separate multiples and a new extension to the centre is also progressing.

The impact on the retail trade —as on everything else—has been more dramatic in the cluster of mining villages around the town such as Goldthorpe and Grimethorpe. Over 50 per cent of the working population in many of these villages have been on strike and the boarded-up shops and proliferating graffiti present a dismal picture of social decay.

Fortunately for Barnsley, the coal industry has nothing like the same linkage with local manufacturing that is the case with, for example, the motor industry in the West Midlands and there have been only a few lay-offs in mining equipment firms. As one official said: "We have realised we were not as dependent on coal as we thought."

Barnsley's economic planners have also been encouraging as much diversification as possible over recent years having largely abandoned hope of attracting any major foreign or domestic employer. Mr Patrick Goldie, manager of the Leeds Permanent Building Society, says the strike will give an added impetus to that trend.

Of the total working population about 50 per cent are employed in services and another 25 per cent in the non-coal sector with the biggest private employer being S. R. Gent, the textiles firm, with 2,200 staff. But big employers are rare and a recent survey has shown that fewer than 25 Barnsley firms employ more than 250 workers.

That has not saved the area from above average unemployment with a rate of about 16 per cent in the borough council area—rising to over 25 per cent in the outlying towns. In Grimethorpe, of 100 school leavers last summer, only four went into jobs.

Mr John Woodside from the Barnsley Enterprise Centre believes that the past few months have actually witnessed a small upturn in the non-coal economy—especially the small business sector. His main evidence for this is that the council's latest batch of 12 industrial units (out of a total of 55) have been snapped up far faster than previous units.

But the council's £6m employment strategy has, over the past three years, saved or created only 2,000 jobs. Since 1977 the NCB alone has shed 6,500 jobs.

In that context, there is considerable sympathy with the miners' cause — if not with the leadership — among even the business leaders in the town.

"The business and financial community have tried not to take sides — but, of course, miners are good customers in normal times and we have stood by them," says Mr Goldie. The Leeds has actually had a good year despite the fact that over half his customers are miners. Although a minority have been making no repayments at all, most have been able to because of a wife working or employment in the black economy.

That unity has not always been evident inside the families of striking miners. Divorce has risen sharply according to the local marriage guidance service.

Chief-Supt Herbert confirmed that crime has increased by 26 per cent in the past year with a 36 per cent increase in burglary. The drunkenness figures are down, however, as are crimes of violence and the only major incidents arising from the strike have been in the mining villages.

The council—dominated by [illegible] of the moderate Left—has spent £2.7m on food vouchers and rebates of various kinds to miners and stands to attract grant penalty of £6.5m as a result. "We may have a lot of problems now but we'll bounce back in three months after the strike is over. We're a resilient lot," said Councillor leader Ron Rigby.

One thing that will not bounce back is Barnsley's image. Always tarnished with the cloth cap its now more than ever seen as "Arthur Scargill's backyard." Along with the image of South Yorkshire County Council it makes for a militant turn-off to outside companies.

Other things are stirring however. Barnsley in the next few months is taking tentative steps into tourism. And John Woodside spots a change in the attitudes of some miners: "The coal industry has tended to suppress entrepreneurship. But a lot of miners who have spent a year on the surface have been looking at the future and won't be going back to the pits."

TECHNOLOGY

EDITED BY ALAN CANE

UNITED NATIONS' FOOD AND AGRICULTURE DIVISION IS REFINING DROUGHT DETECTION FROM SPACE

Satellite observers give disaster warnings

BY PETER MARSH

SCIENTISTS AT the United Nations' Food and Agriculture Organisation (FAO) in Rome are attempting to refine techniques in satellita observation to give an early warning of areas of Africa affected by drought.

With pictures received seven times a day from sensors aboard the European Space Agancy'a Meteosat spacacraft, which hovers 36,000 km above the equator, the researchers can monitor the clouds (or lack of them) above Africa.

Analysis of the cloud cover indicates rainfall over small cells of the continent measuring 100 km square. At present the readings are fairly crude—the pictures show whether rain is falling in a particular cell end whether rain is light or heavy.

With refinements in deta-interpretation techniques to give more specific information, researchers could build up a detailed picture of those parts of Africa suffering from water shortages.

The information could give governments a better way of spotting regions hit by drought before people start to starve as a result of crop failures.

The drought - monitoring exercise is one of a number of projects organised by the FAO's remote-sensing centre, which has an annual budget of about £1.8m contributed either from UN funds or from individual countries.

In other recent work, the centre has:

● Helped in a study in Yemen to pinpoint sources of ground water for irrigation. Signals sent from instruments aboard orbiting satellites give detailed pictures of geological features, from which scientists can work out the likely locations of such sources.

● Worked in collaboration with Indonesia to predict the country'a likely rice harvest. Due to lack of telecommunications networks and the general difficulty of knowing what is going on over a vast and inhospitable area of the Earth, many developing countries cannot monitor agricultural development by conventional means. With satellite imagery, they can prepare forecasts of likely yields—which puts them in a better position to arrange trading deals in crops with other countries. The FAO has been involved in another recent project to forecast the wheat harvest in Turkey by remote sensing.

● Studied with satellite images forest cover in Thailand, the Philippines and Madagascar. Many developing countries have little or no idea of the percentage of their land areas that is covered by forest. Thus they cannot plan properly for the efficient use of woodland, for example, for paper or logging industries. Pictures from space give such countries the chance to monitor changes in forest coverage due to, for instance, excessive felling by settlers or natural disasters. Researchers in West Germany have used satellite pictures to monitor damage to trees caused by acid rain.

● Set up a project in Sri Lanka to monitor the sea around the island to work out areas where fish are likely to breed. The information is useful in aiding planners when deciding on sites for new harbours. Similar fishery projects have taken place in Indonesia and the Philippines.

● Organised training courses in remote-sensing techniques for about 200 people a year to help Third World nations to build up a corpa of experts in this area.

The FAO team uses data from a number of satellites. These include tha Landsat 4 and 5 craft operated by the U.S. National Oceanic and Atmospheric Administration (NOAA). The vehicles fly in orbits that take them over the North and South Poles at an altitude of abont 700 km.

As a result of the Earth'a rotation, the satellites cover the whole of the planet'e surface, taking a "repeat" reading of a specific segment of the surface roughly once a fortnight.

They contain aensors that detect the radiation emltted from the Earth in a number of bands in the visible and infrared parts of the spectrum. Signals from the sensors are transmitted to ground stations in about a dozen countries, which, in turn, send the information to users such as the FAO.

Workers can turn the data into snapshots of the Earth's surface similar to ordinary photographs. With these, they can spot features such as roads, rivers and signs of buman habitation. Such information is useful in cartography — maps for buge tracts of many Third World countries are either non-existent or years out of date.

Infrared "pictures" of the Earth are useful because, for instance, diseased vegetation reflects less radiation of this nature than healthy trees and crops.

In a similar way, a field of soya beans will have a different "spectral signature" to an area where, say, tomatoes, are growing. Computerised analysis of radiation emitted from the Earth over a range of spectral bands gives researchers an insight into other aspects such es geological faults (which can indicate mineral deposits) and the location of warm currents in the sea (which indicates where fish are likely to flourish).

A pair of U.S. weather satellites, also operated by NOAA and in similar orbits to the Landsat series, provides other useful data. From radiometers aboard the vehlcles, workers obtain figures for the reflectance of radiation dua to the chlorophyll in the leaves of plants and trees. With the data, scieotists can work out the type of vegetation in specific places — for instance, whether it is rangeland, forest or crops.

The technique gives remote-sensing researchars a way to monitor, without leaving their desks, the spread of deserts.

By a similar method, researchers can find out when countries in sub-Saharan Africa are likely to be hit by a plague of locusts. These creatures breed very rapldly in vegetation after heavy rainfall, whose presence is indicated by readings from the U.S. weether satellites and ESA's Meteosat.

Mr Danny Kalensky, a senior researcher in the FAO's remote-sensing centre, says that images from outer space can be highly important in aiding economic development in Third World nations. He stresses, bowever, that they are a tool to be used in conjunction with information from many other sources — ground and air eurveys, geological maps and so on.

The centre huys Landsat information either from the U.S. Government or from the other countries that operate ground stations. Data from Landsat is sold either as recla of computer tape (from which the customer can obtain detailed information in several spectral bands) or as colour or black-and-white photographs.

A computer tape costs up to £4,000 (depending on the quality of the Information) while a simple photograph normally costs about £40. Each tape or picture covers an area of the Earth 185 km square. Current revenues from sales of raw Landsat data total about £18m a year.

Data from the weather satellites and Meteosat are obtained free of charge, though users have to pay the considerable costs of setting up an Earth station and processing the data.

Publications

Machine vision

RACAL REDAC of Tewkesbury has launched a computer-aided design system (CAD) for printed circuit boards (PCB) which the company claims can deal with any new PCB technologies ar electronic components. It will also allow boards to be developed down to a fifth of their present size.

Called Visula, the system has been designed for use on 32 bit workstations using the Unix operating system. It has been initially implemented on the Apollo Domain range, which allows workstations to be added as needed.

Applications software is provided for schematic layout, connection routing, board "tidying," the production of design documentation, and post processing for feeding plotters, NC drilling machines, profilers and automatic test equipment.

Racal Redac says that tho software has been specifically developed to cope with surface mounted components, boards with components on both sides, fine-line tracks and buried holes in multilayer boards (which can give np to 50 layers).

Furthermore, an advanced ronting algorithm has been developed which it is claimed prodnces 100 per cent ronting for most boards. More on 0684 294161.

Sensors

Gas detection

HARWELL'S Material Engineering Centre is to set up a research and development club to develop a novel rango of sensors to detect flammable gases such as hydrogen, hydrogen sulphide ethane and carbon monoxide.

The centre wants to exploit a new type of sensor technology called voltage effect sensors. Specially treated semi - conductor materials generate a valtage when they come into contact with certain gases. Harwell hopes that these materials will form the basis of low cost sensors which will have application in the oil, gas, chemical, process and mining industries.

Harwell has identified six promising materials for sensor contruction and will concentrate on production techniques for devices over the next two years. The Department of Trade and Industry is to provide somo funds for the project with further investment by industrial aponsors.

INDUSTRIAL GROWTH

Science mushrooms in Singapore

THE intriguingly named Everbloom Mushroom is one of the first tenants of Singapore's new science park.

Headed by Dr Kokkheng Tan, who formerly worked at the University of Manchester Institute of Science and Technology in Britain, the company is developing biotechnology processes to give a strain of musbroom that can be grown in Singapore's warm climate.

In the process, mushrooms and other fungi are grown in substrate of sawdust from which they pick up nutrient. Success with the project would reduce the need for Singepore and countries with a similar climate to buy mushrooms from abroad.

Tbe science park is on land next to the Nationel University of Singepore. The Government is sponsoring the development to produce a new culture in the country of technical entrepreneurship, according to Dr Vincent Yip, edministrator of the park.

So far ebout 10 small companies, the majority based on technical expertise supplied by foreigners, are either on the science park or are due to take up residence shortly in leased buildings.

The businesses work in disciplines such as robotics, biotechnology, electronic circuit design end computers. Ultimately, the science perk could eccommodate ebout 60 small companies in purpose - built units.

Dr Yip also hopes to ettract to the venture large enterprises. Det Norske Varitas, a Norwegian shipping - insurence organisation, has already constructed e S$14m (£5.6m) building for a marine - technology laboretory.

The National Computer Board and the Singapore Institute of Standards and Industrial Research (two Government-owned organisations) are due to set up their beadquarters on the site.

People employed by this mixture of small and large businesses will, so Dr Yip bopes, interact in such a way as to change the climate in Singapore relating to technical innovetion.

A second foreign innovator who has started a company on the science park is Professor Michael Hou, a Chinese-American specialist in robotics. He has set up Scientech-Intraco, which will sell small robots for educational use in schools and colleges.

Tbe machines' working parts are relatively free of covers — so students can watch the operation of the gears, drives and so on inside the hardware. The company is backed financially by the International Trading Company (Intraco), a trading organisation associated with the Singepore Government.

Plantek International, another company on the park, is reseerching into aspects of tissue culture to discover new breeds of plants.

A consortium of established companies is giving this enterprise either financial or technical help. The companies are Sumitomo and Kyowa Hakko of Japan, Tata of India, Native Plants of Utah (a company in Salt Lake City) and Intraco of Singepore.

Dr Robert Ting, a Chinese-American, bas started on the Singapore park a biotechnology business that will attempt to develop diagnostic kits for infectious diseases. Dr Ting formerly worked for the Nationel Institutes of Health in the U.S.

PROCESS CONTROL

Texas Instruments' automation plans

TEXAS INSTRUMENTS has been developing for three years a comprehensive offering of industrial controllers, automation solutions for the medium to small batch processing company, and the means of interconnecting its products to those made by competing companies.

The company entered the programmable controller market in 1975 with the model 5TI. This has since become something of an industry etandard with sales exceeding 80,000 world-wide. Other, more powerful models followed and recently the company completed the range with models 560 and 565.

The 560 is designed to handle discrete product maoufacture in applicatious such as machine control, materials handling and conveyors. The 565 meets the needs of discrete, hatch and continuous manufacture. Both feature up to 8,192 inputs and outputs (the system is modular) and have operating speeds of 2.2 milliseconds per 1,000 words of ladder diagram. The units scan 64 control loops per second.

Like all the other controllers from Texas, the 560 and 565 can be cooncected over the company's Tiway networking system either for data acquisition or for supervisory control by an operator, who can view plant conditious on colour displays using the CVU5000 operator interface.

In addition, other makers of PLC can be connected to Tiway via secondary adaptors, including those from Allen Bradley, Modicom and Cincinnati Milacron. Similar adaptors are available for intelligent instruments like weighing systems.

It is also possible to connect robot controllers or computer numerical control (CNC) devices to the network including Unimation, ASEA, IBM, Beaver, Deckel and certain injection moulding machines. All thesa work through adaptors designed at Cranfield Institute of Technology. If necessary, Texas will also supply a gateway to other networks performing industrial control, like the Fisher Controls Provox.

The company is thus eble to offer customers the means of setting up advanced automation networks in both discrete product and process manufacture. Adaptors are available to connect various controlling computers to Tiway. There are host software packages for the DEC PDP 11 and VAX, end the IBM Series One. Others are under development.

Texas has already supplied such systems to European customers including Volvo Cars (a paint shop in Holland) and Piombino Steel (a casting works in Italy). It continues to build teams to put these small/medium systems in place and works closely wilb 28 appointed system builders. More on 0234 663211.

GEOFFREY CHARLISH

Ford accused in ruling over copyright laws

BY JOHN GRIFFITHS

FORD IS acting anti-competitively and against the public interest in refusing to grant licences to make or sell its body panels, the Monopolies and Mergers Commission has concluded.

Last night, Mr Alex Fletcher, the Consumer Affairs Minister, told the House of Commons that he accepted the findings and would seek "appropriate undertakings" from Ford on the issue.

After a nine-month investigation into the £35m–£45m a year business, the commission has concluded, however, that without a change in the laws on copyright, no powers exist to compel Ford to grant licences, and thus preserve competition in this sector. Ford is at present taking legal action against several independent manufacturers to compel them to stop producing panels on the basis that its copyrights are being breached.

"Ne satisfactory remedy is to be achieved under the existing law as long as Ford is unwilling to grant licences," the commission said. It pointed out that the issues at stake extended well beyond the immediate Ford case, in that precedents could be set for other manufacturers to follow suit.

Its recommendations suggested a compromise under which the law should be changed restricting copyright protection under the Competition and Registered Designs Act to a maximum five years from the present 15.

This would satisfy the interests of the public, Ford and the independent manufacturers in that it would allow Ford an initial monopoly to give it a return on its product investment. There would, thereafter, be free competition, which would satisfy independent producers, most of whose business was concerned with cars more than five years old.

In the meantime, the preservation of competition would depend on Ford's willingness to respect the commission's findings and modify its position accordingly.

Last night, however, Ford gave no indication that it was willing to change its stance. It said the legal actions would continue and that "any change in the law to limit design and protection to five years would be damaging to us and could have far-reaching implications for the whole of British industry".

Pace of engineering recovery quickens

THE RECOVERY in Britain's battered engineering industries gathered pace last year. Output was 5 per cent higher than in 1983 and nearly back to the 1979 peak, according to the latest Department of Trade and Industry figures.

The electrical and instrument engineering industries led with a 12 per cent rise in 1984 output, while the mechanical engineering industries were flat, largely because of a 21 per cent drop in production of mining equipment and a 16 per cent fall in agricultural machinery output.

By contrast, production of electronic data processing equipment was up 39 per cent last year and the output of active and other electronic components rose 21 per cent. In the fourth quarter of last year, output of the combined engineering industries was 1 per cent lower than in the third quarter.

The index of production for combined engineering stood nt 104 in the fourth quarter of 1984, compared with 99 in the fourth quarter of 1983 and 100 in 1980.

□ SINCLAIR VEHICLES expects to invest over £100m to bring into production by about 1990 electric vehicles which, it claims, will herald the demise of the internal combustion engine.

Sir Clive Sinclair said his company planned a four-seater electric car with a top speed of about 80mph and n range of "hundred of miles." He was adamant that Sinclair would possess the technology, "even if we're not quite there yet."

Sinclair's recently launched electric vehicle, the C5, which has a top speed of 15mph, has met with criticism that it cannot achieve its claimed range of 20 miles.

□ PEOPLE EXPRESS, the low-fare airline flying between Gatwick airport, London, and Newark, New Jersey, has been given approval by the UK Civil Aviation Authority to raise its fares immediately to cover the recent fall in sterling against the dollar. The new single economy fare will rise from £122 to £154.

Other transatlantic airlines such as Virgin Atlantic, British Airways and British Caledonian have asked for fare rises from April 1.

People Express is to spend $175m on a new terminal at Newark which would be able to handle up to 36m passengers a year.

GOVERNMENT PLAN FOR TWO REGULATORY BODIES CRITICISED

Single watchdog for City urged

BY JOHN MOORE, CITY CORRESPONDENT

ONE POWERFUL regulatory body should be created to police Britain's financial services community, an influential City of London committee urged yesterday.

The City capital markets committee, headed by Mr Nicholas Baring, managing director of Baring Brothers, has criticised government proposals for the creation of two regulatory bodies for improved investor protection. It argues that such a scheme could "cause real problems."

The Government's plans were outlined in January in n White Paper (policy statement) in which it was suggested that responsibility for authorising investment business in the future and its supervision could be given to one or more private sector bodies run by individuals from financial service groups.

Tha White Paper envisaged the creation of two bodies – a securities and investments board, covering the regulation of securities and investments, and a marketing of investments Board, covering the regulation of pre-packaged investments such as life insurance and unit trusts.

"Separation into two bodies would undoubtedly cause real problems in drawing lines of demarcation, entail duplication of effort in building up the necessary information base and risk the emergence of 'gaps' in the coverage of the final framework, as well as confusion in the minds of those outside the financial community," argues the City capital markets committee.

It hopes that the securities and investments board emerges as the sole regulatory body.

The committee, formed of bankers, lawyers, members of the London Stock Exchange and fund managers, while endorsing the proposals set out in the White Paper, has told the Government that it is concerned about several key points of detail.

It has argued that the investment business of life assurance and pension funds should be brought within the scope of the proposed regulatory structure.

The regulatory structure which emerges should be clearly defined by function. A single self-regulatory organisation, or n division of the securities and investment board, should cover only one aspect of investment business. But the committee says thet there should not be n proliferation of the board's divisions or self-regulatory organisation.

It says that the larger part of self-regulation "could well be most effectively handled by divisions of the securities and investments board."

The committee says that while it is important to protect investors against the abuse of conflicts of interest, "these councils cannot be eliminated as is implied by the White Paper. Conflicts of interest are inherent in firms offering diversified financial services."

The committee urges that the securities and investments board should have a range of sanctions, including the power to fine financial service operators. The Department of Trade and Industry should have to undertake an investigation regarding a suspected crime, if requested to do so by the securities and investment board.

Mr Baring said last night that the government proposals left all the details "to be filled in by the regulators and the regulated. We have the skeleton, but not all the limbs are there."

MPs say spending figures understated

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PUBLIC spending plans for the next financial year (1985-86) have risen much faster since 1983 than the Government's figures suggest, according to the all-party Treasury and Civil Service committee of MPs.

In a report published yesterday on the public spending White Paper (policy statement), the MPs say that the Treasury estimated spending to be £132.1bn for the next financial year, almost the same as its estimate in the 1983 White Paper.

If a number of adjustments are taken into account, they believe spending plans can be shown to have crept upwards by about £6bn over the period.

These adjustments include allowance for the effect of abolishing the national insurance surcharge on the nationalised industry accounts and changed methods for paying benefits. The committee also includes debt interest in its total, although the Treasury does not. The committee has also made an adjustment for the effect of sales of public assets on the spending total.

The report says the credibility of the Government's intention to keep a firm hold on spending rested partly on its past performance. It says: "Wa are concerned that the White Paper is less helpful than it might have been in interpreting the past."

The committee criticises the Treasury for not giving a clear explanation for its recent upward revisions of the net debt interest it expects to be paying. This is now expected to be £9bn next year, compared with the estimate in the 1984 White Paper, which put the figure at £7.5bn.

In general terms, the committee says the Government has consistently failed to meet expenditure targets expressed in constant prices, despite a succession of upward revisions to the plans. In 1983-84, expenditure was more than £11bn higher in 1983-84 constant prices than the 1980 White Paper had intended.

After adjusting for net debt interest, asset sales and other factors, the discrepancy was about £17bn.

The committee criticises the Government for failing to foresee the problems which would arise from the proceeds of the sale of council houses and other capital receipts. Local authorities have been told that they may spend only 20 per cent of the proceeds instead of the previous 40 per cent.

Inquiry ordered into telephone tapping claims

By Our Parliamentary Staff

ALLEGATIONS of unauthorised telephone tapping by the police special branch and M15 (counter espionage) service are to be investigated, Mr Leon Brittan, Home Secretary, told the House of Commons yesterday.

The inquiry, under Lord Bridge, the official monitor of security service interception activities, will study allegations raised in a banned television programme that nuclear disarmament campaigners and trade unionists were made a target of special surveillance.

Mr Brittan said findings of the inquiry would be made public "so far as that can be done without damage to national security."

There was anger among Opposition MPs when it emerged that the inquiry was intended to be restricted to an examination of papers relating to telephone tapping authorised by Home Secretaries.

This was only part of the issues raised by the television programme, which was banned by the Independent Broadcasting Authority on legal grounds. Mr Gerald Kaufman, Shadow Home Secretary, complained that the scope of the inquiry was far too narrow

Electricity narrows industrial price gap

BY IAN HARGREAVES

THE GAP between gas and electricity prices is continuing to narrow in favour of electricity. In spite of this, demand for gas last year grew more rapidly than demand for electricity.

The price of gas to industrial customers last year rose by 5 per cent, compared with only 2 per cent for coal, 21 per cent for heavy fuel oil and no change for electricity, according to the government publication Energy Trends.

In the domestic sector, there was a much smaller range of price movements, led by coal and coke, up 9 per cent, followed by gas (up 4 per cent), heating oil (3 per cent) and electricity 2 per cent.

The figures provide some background to the Government's decision to veto British Gas's proposal to buy $30bn of gas from Norway's Sleipner field. It was feared that if British Gas had secured this large supply, it would have used its access to cheaper UK supplies vigorously to attack the industrial energy market, at the expense of both coal and electricity.

Last year, British Gas supplied 17.8bn therms of gas, a 3.1 per cent increase on 1983. Electricity output rose by only 2.1 per cent – to 246 terawatt hours (million MWh).

The figures also indicate the effect on Britain's energy balance of the coal strike. Oil accounted for 43 per cent of UK primary energy consumption in 1984, compared with only 34 per cent in 1983. Oil imports at 22.9m tonnes were more than double the 9.9m tonnes in 1983.

UK oil production reached a record of 125.9m tonnes, up 9.6 per cent on the 1983 figure of 114.9m tonnes. Overall primary energy demand in the UK fell last year by 0.3 per cent.

At the end of the year, coal stocks at power stations stood at 14.4m tonnes, down by 931,000 tonnes on the month and balf the level of December 1983. Total stocks at the year-end were 36.5m tonnes. Coal consumption in December was 6.2m tonnes.

● Heavy trading losses by the British National Oil Corporation (BNOC) was "money well spent," the Treasury said yesterday, Dominic Lawson writes.

Officials from the Treasury, the Department of Energy, and the Foreign Office attempted to justify to the House of Commons energy committee the Government's request that MPs should vote BNOC a further grant of £25m to cover the corporation's trading losses in the first two months of the year.

Last December, the committee investigated an earlier grant of £45m to cover BNOC's trading losses and insisted that any further support for BNOC would be unacceptable unless the Government admitted its policy was to use BNOC to prop up oil prices.

BP upgrades estimates of North Sea reserves

BY DOMINIC LAWSON

BRITISH PETROLEUM (BP) has upgraded its estimates of economically recoverable UK North Sea gas reserves by 10 trillion (million million) cubic feet. This is equivalent in size to the Leman field, the biggest UK gas field.

Mr Colin Webster, managing director of BP Gas International, told members of the House of Commons' energy select committee that the increase was partly a reflection of a rapid rate of discoveries, and of successful appraisal of earlier discoveries.

BP used the new figures as part of its strenuous efforts to persuade the UK Government not to agree to the British Gas Corporation's proposal to buy $30bn of gas in the mid 1990s from Norway's Sleipner gas field.

This month Mr Peter Walker, Energy Secretary, vetoed the deal, giving as the main reason an upgrading of UK gas reserves by 6.2 trillion cu ft, about the size of the Sleipner field. BP's assessment is more optimistic still, however, and Mr Webster said that BP's new figures did not take account of any of the many North Sea gas discoveries made since September last year.

Mr Webster said that to meet UK gas demand from UK supplies to the end of the century would require the development of 45 new gas fields, totalling 27 trillion cu ft.

Mr David Branch, director of Conoco, the U.S. oil company, said the success of companies prospecting for gas in the North Sea had resulted in a North Sea gas glut.

THE ARTS

Cinema/Paul Taylor

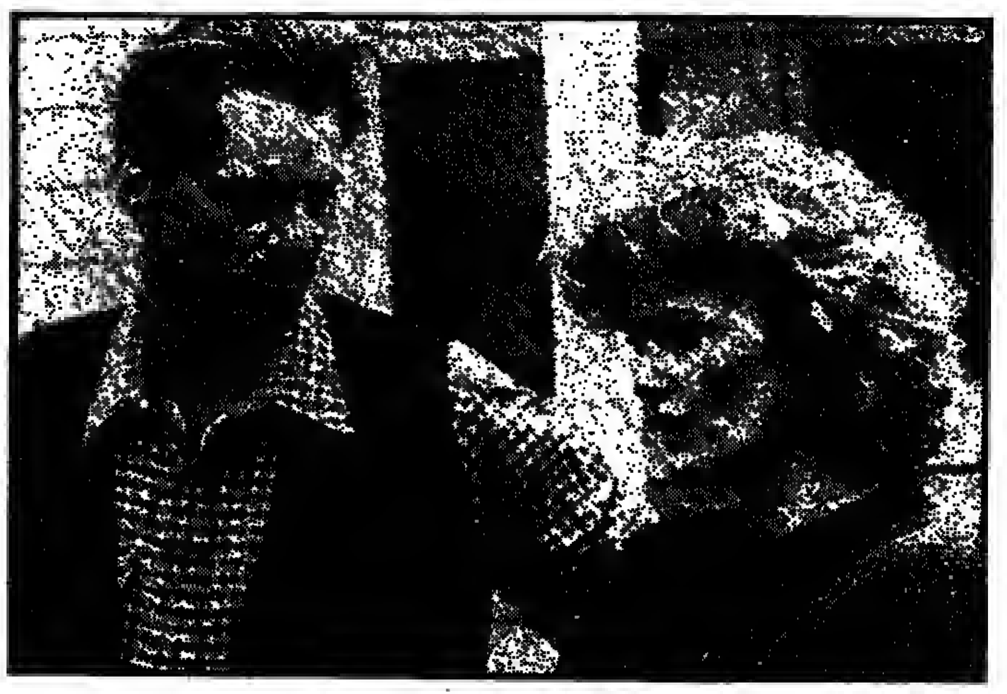
When passion itself is a crime

Dance with a Stranger directed by Mike Newell

Country directed by Richard Pearce

City Heat directed by Richard Benjamin

Japanese Writers into Film
Breakdance 2: Electric Boogaloo



Sam Shepard and Jessica Lange

Swathed and shawled against the London smog, Ruth Ellis shimmers through the murk like some ghostly madonna, drawn inexorably once more to the overgrown boy-child David Blakely, her lover and tormentor. Her "dance" with this stranger to all things beyond his class's possessive instincts is, this time, a quick back-alley knee-trembler.

Set in parenthetic relief midway through *Danca With A Stranger*, this short sequence at once evokes and collapses the old image of woman as either virgin or whore. An image upon which so many moral judgments have been founded—that passed infamously in 1955 on Ruth Ellis being bere et issue—is cordoned off aptly by screenwriter Shelagh Delaney and director Mike Newell, to he dismissed as an insultingly inadeqnate key to the particular realm of passion they're exploring.

Their movie is no mere docudrama re-run of the last-woman-to-hang saga, nor a redundant attempt to renegotiate the balance between tahloid exploitation and abolitionist weepie first struck by the Ellis-inspired 1956 film *Yield To The Night*. Love in a cold climate is their subject. Tha haunting, obsessive tune to which these strangers dance is that of desire.

The "pompous little pillock" Blakely (Rupert Everett) bears i· only in lnloxiceting snatches—and responds with a birthright greed for instant gratification. Its hluesy strains, bowever, underscore every fateful emotion and masochistic move of the more vulnerahle Ruth (Miranda Richardson). Out of step with the class-coded rhythms of the austere '50s, reeling with desperate flamboyance towards the last of a series of half-expected betrayals and the crime of passion we already know she'll commit, she's unaware that passion itself is to be perceived as her crime.

Unable to accept the respectable, repressed and repressive compromise offered by the dog-like devotion of long-term suitor Desmond Cussen (the ubiquilous Ian Holm, never better), she just won't let that tune be muted. Not by the smog, not by any of the era's other claustrophobically enveloping dampers, visualised in shades of oppressive grey by a camera that has to hug the walls and crevices of Ruth's cramped rooms and can find precious little more room to breathe ontside.

From a stylised amalgam of the tawdry and the tacky somebow are etched the contours of a genuine tragedy — whicb is flesbed out and heightened immeasurably by the startlingly-assured first-feature performance of Miranda Richardson as Ruth, conveying heart-rending hungers for social and sexual fulfilment from behind the war-paint glamour and the strangled squeaks of a would-be classless accent. She embodies abused passion like no one since Theresa Russell in Nic Roeg's *Bad Timing* — a film whose impolite audacity *Dance With A Stranger* goes an admirable way towards dnplicating.

Duplication's not the name of the game for *Country*, though—no matter how many pundits forward it as the latest entry in the hurgeoning American "barnyard" genre and no matter bow bad the timing of its release here only a week after *Places In The Heart*.

While Robert Benton's '30s-set drama reverently hymns the contention that These Things Are Sent To Try Us, for instance, *Country* shows the soil-rooted resolve of an '80s Ohio farm-wife (Jessica Lange) being tested in an apparently more secular context. The land her family has farmed for generations, now tilled by busband Sam Shepard, fails under threat wben long-term federal loans are called in early by an anti - subsidy bureaucracy.

Shepard retreats, hits the bottle, becomes a scarecrow outsider. Aged patriarch Wilford Brimley turns on the recriminations. Lange sheds her tears, quieteus her three kids, then fights back, eventually activating a populist response, and receiving end-caption encouragement that Justice will Prevail.

By which stage, though, it has become clear that agri-politics are actually e side issue to the film's main concern: the restoration of the father and the reconstitution of the family unit. The sheep may have to be anctioned, but the lost Shepard *must* return. Not for nothing did Jessica Lange, the prime mover of this pet project, place it with an arm of the Disney organisation. It is as much to that studio's ideology that possessory credit for *Country* belongs as to such other candidates as director Richard *(Heartland)* Pearce or writer / co-producer William Wittliff, whose previous screen work has similarly emphasised the essential family/country connection: *Honeysuckle Rose*, *Barbarosa* and *Raggedy Man*.

Nobody, it seems, wants possessory credit for the packaging exercise that is *City Heat*. Blake Edwards had the bright Idea of teaming Clint Eastwood and Burt Reynolds in a cutesy thriller ("Together Again! For The First Time!!!). He sketched a script entitled *Kansas City Jazz*, then made an early, unscheduled departure from a troubled set, leaving the pseudonym of Sam O. Brown (remember *S.O.B.?*) nu the finished product. Ace hard-boiled novelist Elmore Leonard contribnted to the argot dialogue but must have declined a thank-you on seeing the eventual mess. Richard Benjamin picked np the various pieces, hut not so you'd notice.

The hot city is still Kansas, and jazz still occasionally accompanies the gangster-era shenanigans involving bosom enemies Eastwood (a cop) and Reynolds (an ex-cop private eye). In the putative plot, Richard Roundtree takes an involuntary multi-storey dive through a window, Madeline Kahn and Jane Alexander both get kidnapped, songbird Irene Cara meets a nasty road accident, and gang beavies Tony LoBianco and Rip Torn take turns at trying to ruffle our wisecracking beroes' implacahle cool. Clint'n'Burt meanwhile impersonate Stan'n'Ollie (badly), labour a predictable joke about the respective barrel-lengths of their non-standard firearms, and marvel at each other's dumb-box propensity for killing people and hlowing things up. Frame the poster, forget the picture. It's no loss.

The National Film Theatre occasionally packages its seasons to only sligbtly different formulae. One of Its March programmes takes advantage of the recent upsurge of interest in Japanese literature to present an eclectic sampler of rarely-screened adaptations, incidentally highlighting the literary contribution to Kon Ichikawa'a provocative *oeuvre*. The latter's 1959 version of Tanizaki's novel *The Key* (NFT March 4; then Sheffield, Edinburgh, Nottingham, Camhridge and Cardiff) thankfully banishes the aftertaste of Tinto Brass's recent soft-core travesty. Following some cherishahly outrageous formal foreplay, to settle on an almost self-amused view of sexual pathology, it emerges as decidedly eccentric erotica. An aged, impotent antiques adviser, his young wife, his daughter and bis doctor are locked into mutually manipulative patterns of pleasure: when one player expires, a suitably absurd fate awaits the rest.

The only absurdity to the otherwise logical rip-off *Break dance 2: Electric Boogaloo* is that the plot structure is precisely that of the vintage Cliff Richard vehicle, *The Young Ones* (in the interim, it also has served Mark Lester's exercise in trendsploitation, *Roller Boogie*). Yes, the only building in the neighbourhood where the kids can hang out and body-pop and break their necks in the name of funky terpsichore is under threet from property developers. Yes, there's a fighting fund. And yes, they do indeed Put On A Show Right There.

Bournemouth SO/Festival Hall

Dominic Gill

Tha Bournemouth Symphony Orchestra's concert under Rudolf Barshai opened on Wednesday with Alicie de Larroche playing Mozart's piano concerto K595. It was a performance thai didn't reach, or even possihly aspire to, the greetest Mozartian heights, but it had a directness and an honesty that was consistently appealing. Miss de Larrocha's reading was gentle, unostentations even to the point of diffidence; bnt at crucial moments, especially in the finale, there was sparkle—and I specially liked her uncomonly simple, forthright way with the larghetto, clear and easy, without a trace of expressive affectation.

Some day, though, shall we hear a team adventurous enougb to give Mozart piano concertos, and particularly the late concertos, as they were almost certainly intended to be performed, with ensembles of solo instruments accompanying the solo piano? We know from surving contemporary orchestral parts, for example, of K595 that "solo" in the score applies not to the solo piano (in any case a redundant indication) but to the strings—and that at all the most expressive pianistic moments of the first and second movements were accompanied not by orchestral strings, but by a string quartet: sublima contrast, sublime effect!

The evening's other work was Mahler's fourth symphony: an urbane, respectful, scrupulously observant account, by and large very well played, which had plenty of rhythmic vigour and careful pointing. Nothing about it, though had much presence: Barshai's delivery had admirable energy and exactness, but less sensitivity to the undercurrents of the music, its ebb and surge, and suhtle mesh of colour. Played carefully and beantifully, as tha Bournemouth orchestra pleyed it, the *ruhevoll* third movement can't fail to be affecting; and if Barshai's phrasing had heen e degree or two more generous and more yielding, it could have been powerfully so.

The Virgins' Revenge/Soho Poly

Martin Hoyle

If those members of the male sex who inflicted pain on women over the past 8,000 years had had any inkling of the expiation their posterity would undergo in the 20th century fringe theatre, they might have desisted. On second thoughts, they might have redoubled their efforts.

This 90-minute two-hander takes Philomela (her tonguo ripped out by the brother-in-law who raped ber; she fed him his offspring in a pie) and the rather wet Psyche (loved by Eros to the jealous annoyance of his mother Venus) as feminine prototypes. We see them first in an antiseptic future dishing ont sexual relief on the NHS. In 2004, spending cuts have necessitated the choice between kidney machines and "working girls." The kidney machines went because, as they explain rather vaguely, "Governments like ours still can't quite function without women like us." (Why?)

A classical vignette prompts jokes about Roman's Revue Bar, hlue movies for Caligula and Venus in blue jeans. We end up with Phil as a modern prostitute rearing the bastard son of a smooth-tongued politician (we have been bere before countless times) whose crusade againsl kerb-crawlers is seen as douhle-dyed hypocrisy. The programme acknowledges help from the English Collective of Prostitutes, who oppoes the current anti-kerb-crewling Bill. Throughout, the brutal male prototype—Tereus, the gangster Terry, Sir Terence — looms viciously, poised to violate and torture.

The lasting impression is of Annette Badland squeezed into corsets, bloomers, a mermaid's tail and a skeletal crinoline as she enacts the clients' fantasties. Sheila Kelley's down-beat Phil lacks the voice for a bitter-sweet ballad of youthful sexual betrayal that is far, far too close to Brecht and Weill for comfort. Words and music are by the playwright Jude Alderson, founder of the Sadista Sisters.

Among the confused and shallow political implications is the suggestion thet Church, State and Empire bave been financed by prostitutes in peace and war, which will come as a surprise to slave, serf, soldier and squire. There is also the implication that only women are subjected to suffering. This is an error. I speak from experience.

Top prize to Shirley Gee

The seventh annual £3,000 Susan Smith Blackhurn Prize has been awarded to British playwright Shirley Gee for her play *Never in my Lifetime*, about the British army and 1be Catholic population in Northern Ireland.

Previous winners include Mary O'Malley (*Once a Catholic*), Nell Dunn (*Steaming*) and Caryl Churchill (*Fen*). *Never in my Lifetime* had a small small production at the Soha Poly Theatre, London, and there are plans for a New York production by Alexander Cohen in 1986.

Arts Week

F	S	Su	M	Tu	W	Th
1	2	3	4	5	6	7

Opera and Ballet

WEST GERMANY

Hamburg, Staatsoper: Zemlinsky's rarely played Der Kreidekreis with Beatrice Niehoff and Guillermo Sarabia. Der Liebestrank with Guiseppe Taddei, Neil Shicoff and Judith Blegen. Der Rosenkavalier with Brigitte Fassbänder as Octavian, Anna Tomova Sintow and Helen Donath. La Bohème, in Italian, with Ileana Cotrubas, Anna Tomowa-Sintow and Bernd Weikl.

Frankfurt, Oper: Der Fliegende Holländer with Dunja Vejzovic as Senta: Don Giovanni with Jill Gomez, Manfred Schenk and Paula Page; Der Zigeunerbaron conducted by Volkmar Olbrich.

Cologne, Oper: La Gazza Ladra, with Carlos Feller and Janice Halls. Idomeneo with Delore Ziegler and Josef Protschka; Katya Kabanova, produced by Harry Kupfer.

Stuttgart, Württembergische Staatstheater: Philip Glass's Akhnaten produced by Achim Freye, with counter-tenor Paul Esswood.

ITALY

Rome: Teatro dell'Opera: Three Ballets: Taquita based on choreography by Marius Petipa, Isadora with Maya Plissetskaya and Carmen Suite by Roger Shedrin (461755).

Milan: Teatro alla Scala: Zeffirelli's new Swan Lake with choreography by Rosella Hightower, conducted by Lorin Maazel. (800126).

Genoa: Teatro Comunale dell'Opera: Marriage of Figaro conducted by Alexander Sander (542792).

Palermo: Teatro Massimo: Don Carlos conducted by Peter Steinberg (581512).

Parma: Teatro Regio: Samson and Dalila by Saint Saens conducted by Henri Gallois with Fiorenza Cossotto, Giandomenico Bisi, Alessandro Cassis and Carlo Cossutta. (22003).

Naples: Teatro San Carlo: Merry Widow conducted by Daniel Oren with Raina Kabaivanska, Mikael Melbye and Daniela Mazzucato and Max Rene Cosotti. (418266).

Verona: Arena di Verona: Gluck's Orfeo ed Euridice conducted by Massimo de Bernart and directed by Giancarlo Cobelli with scenery and costumes by Maurizio Balo. (23520).

VIENNA

Staatsoper: Falstaff conducted by Zedda with Lorengar, Ludwig Miltcheva; Swan Lake choreographed by Nureyev; Simon Boccanegra conducted by Erede with Freni, Ghiarov; The Barber of Seville conducted by Zedda with Ghazarian, Slania, Dickie Ghlaurov, Luisa Miller; Raymonda choreographed by Nureyev.

Volksoper: The Magic Flute; The Gipsy Baron; Viva La Mamma; Land des Lachelns; Orpheus in the Underworld; Hello Dolly.

PARIS

Doctor Faustus alternates with Soirée de Ballets, two premiers' by young choreographers, David Bintley and Nils Christe, and Balanchine's Crystal Palace at the Paris Opera (7425750).

LONDON

Royal Opera, Covent Garden: Bellini's I Capuleti E i Moatecchi, which enjoyed a successful first Covent Garden showing last season, returns with e new sel of principals and conductor – Tatiens Troyanos (long absenl from this theatre) and Katia Ricciarelli as Romeo and Juliet, the Dane Michael Schonwand in the pit. More of the Handel centenary production of Samson, with Jon Vickers returning to one of his greatest roles here after a gap of at least 26 years. (2401066).

English National Opera, Coliseum: Count Ory, a perennial ENO favourite, returns with a largely new cast, including Isobel Buchanan, Jane Edward, and Anne-Marie Owens, but led by John Brecknock's long-admired account of the title role. Last performance of Tristan, in which Kenneth Woollam takes over the tenor role, and Lionel Friend the conductor's post; also further performances of the new Xerxes, conducted by Charles Mackerras, and of the ENO's "smash-hit" Rigoletto. (8363161).

Royal Opera House, Covent Garden: The Royal Ballet presents a triple bill featuring Balanchine'a Ballet Imperial, MacMillan's Different Drummer and Ashton's Facade.

TOKYO

Tokyo Opera Company: The Marriage of Figaro. Toshi Center Hall. (Wed, Thurs). (2634373).

NEW YORK

Metropolitan Opera (Opera House): Thomas Fulton conducts last season's new production of Ernani, starring Montserrat Caballe, Ermanno Mauro, Pablo Elvira and Paul Plishka. Die Meistersinger, conducted by James Levine, features Mari Anne Haeggander, Edward Sooter and David Rendall. James Levine also conducts the premiere season of Nathaniel Merrill's production of Porgy and Bess, designed by Robert O'Hearn, with sopranos Grace Bumbry and Myra Merritt, bass Simon Estes and baritones Charles Williams, Gregg Baker and Bruce Hubbard. Lincoln Center (3626000).

Joffrey Ballet (New York State Theatre): A four-week season begins with an opening nighl gala and week long performances of the New York premiere of John Cranko's choreography of Romeo & Juliet, staged by Georgette Tsinguirides with James Canfield and Patricia Miller in the title roles (from Wed). Ends March 31.

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn'a production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by e large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of e drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, withoul the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwrighl Neil Simon can expect e long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with e Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompanimenl of Bruce Springsteen songs. (420 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

CHICAGO

Riches to Ragtime (Pheasanl Run): World premiere of John Reager and Ed Flesch's view of scams and fast talkers by combining Scott Joplin tunes with O. Henry characters. Ends Mar 31 (261 7943).

On the Razzle (Absolute): Michael Leavitt directs the local debut of Tom Stoppard's interpretation of the Johann Nestroy farce. Ends Mar 31 (327 5252).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's e Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is e real find as Peggy Sawyer, and Margaret Courtenay has e field day (836 6108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm nol having any of it." Not to be missed. (370 5399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam in a stellar cast. (628 8795).

Coriolanus (Olivier): Peter Hall's best production to date at the National, Ian McKellen a splendidly historic thing or war, thrilling use of the Olivier's arena architecture, Irene Worth never better as Volumnia. In all, a thoroughly lucid exposition of a great and complex play with an NT company that for once resembles an ensemble. (928 2252).

The Hired Man (Astoria): Worthwhile new musical of Cumbrian agricultural and war-time life, based on a novel by Melvyn Bragg. Persuasive anthems, marches and chorales composed by Howard Goodall, with e high standard of singing and musical direction. Lyrics and book less secure. (734 4287).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Little Eyolf (Lyric, Hammersmith): Ibsen's powerful drama of retribution strongly acted by Diana Rigg, Ronald Pickup and Cheryl Campbell but flawed by a pedestrian design. A great play not seen in London for 20 years. (741 2311).

The Lonely Road (Old Vic): Anthony Hopkins and Samantha Eggar in Schnitzler's affecting play of memory and regret, old age and lost love, played, e little obviously, as a Freudian casebook. Amid all the alienatory mumbling and white screens, Hopkins has a few strong moments of still, expressive desolation. Again, e collector's item. (928 7616).

Exhibitions

LONDON

The Royal Academy: Marc Chagall – a full retrospective (organised by the academy in association with the Philadelphia Museum of Art, to which il travels later in the year) of the work of one of the most popular masters of modernism, still at work in his 98th year and last survivor of the artists' Paris of its great period before the first world war.

Chagall, for all his popularity, has remained a maverick artist, idiosyncratic and independent, and hard to categorise. We now see, however, that he has always been a good artist, and at times, most notably in that first time in Paris after 1910, a great one. The work of his extreme old age, moreover, does him more than credit, representing no falling off in its technical command or imaginative authority, but simply a restatement of tha poetic images and ideas thet have always haunted him and he has made his own – the soaring and floating lovers, the clowns and musicians, the flowers and trees, and that strange, colourful domestic bestiary of cocks and hens, goats, cows and asses.

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitians by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition is completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (260 3926). Closed Tue, Ends April 15.

Odilon Redon. Some 500 oils, drawings and pastels given by Ari and Suzanne Redon show the symbolist painter's anguished isolation from the mainstream of impressionist painters while he follows the torments of his imagination and the inspiration of his dreams. Musée d'Art and Essai, 13 ave President Wilson (723 3653). Closed Mon. Ends April 30.

NETHERLANDS

S. Jessurun de Mesquita: Prints, drawings and decorative designs trace the career of this exponent of Art Nouveau who managed to combine simplicity and crispness of line in his woodcuts of people and animals with the bizarre extravagance of the "sensitivistic" drawings – fevered caricatures with e surrealist tinge. Amsterdam, Jewish Historical Museum. Ends March 10 (closed Mon). A smaller exhibition of the sensitivistic drawings runs concurrently in Rotterdam, Boymans-van Beuningen Museum.

WEST GERMANY

Düsseldorf, Kunsthalle Grabbeplatz 4: The early Rhineland Art between 1918-1945. Until the mid-1920s Düsseldorf dominated the renewed cultural life of the entire Rhineland. Among the artists are von Nauen, Campendonk, Klee, Zschokke, Mataré, Moll, Schnurr, Flechtheim Ernst, Dix and Wollheim. One part focuses on problems of immigrants and cultural life under the Third Reich. Ends April 8.

Berlin, Akademie der Künste, 10 Hanseatenweg: 130 paintings and 70 drawings from between 1945 and 1984 by Rupprecht Geiger, the German painter. Ends March 17.

Hamburg, Museum für Kunst und Gewerbe 1 Steintorplatz: Plastics only has 400 objects of plastic from saltshakers to wireless sets from 1860 to 1960. Ends April 5.

Hamburg Kunstverein, Glockengiesserwall: More than 120 oil paintings on paper from 1949 to 1967 by Joseph Boys. This is the first time these works have been shown to the public. Ends March 31.

ITALY

Venice: Museo Correr: Cezanne, Monet, Renoir, Van Gogh, Gauguin, Matisse and Picasso from the Hermitage in Leningrad and the Pushkin in Moscow. Ends April 14.

Syracuse (Sicily) Palazzo Bellomo: An important collection af paintings by Caravaggio: Focal point is the huge painting The Burial of Santa Lucia – patron sainl of Syracuse – painted in 1608, when Caravaggio returned to Sicily after 14 years in Rome. Until Easter.

Rome: Palazzo Venezia: Rome 1300 to 1875 – Art of the Holy Years. A huge and splendid exhibition of paintings, manuscripts, medallions, sculpture connected with the holy years which have taken place every 50 or 25 years since Boniface VIII's first in 1300. Of particular interest is Caravaggio's The Conversion of San Paolo (which belongs to the Odescalchi family, and is not normally on public view) and the Veronica by El Greco, recently discovered in the Capuccine monastery in Toledo. Ends April.

WASHINGTON

National Museum of American Art: 49 works by five 19th century black artists highligh e show of e little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter; Henry Ossawa Tanner, a student of Thomas Eakins and neo-classical sculptress Edmonia Lewis. Ends April 7.

NEW YORK

Treasures from the New York Public Library: 280 works chosen from one of the five best library collections in the world may cover America better than Europe, but the inclusion of a Gutenberg Bible, the Tickhill Psalter and French bindings supplements Americana, such as examples of Melville's work, announcements of the discovery of the New York, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

CHICAGO

Art Institute: 82 great architectural drawings cover the last five centuries in this show lent by the Royal Institute of British Architects. Ends Mar 31.

TOKYO

Yamato-e (traditional Japanese paintings, of 18th century on, usually landscapes). Suntory Museum, Akasakamitsuke (near New Otani Hotel). Ends Mar 31.

Music

PARIS

Trio Suk-Ensemble Orchestral de Paris: Beethoven, Smetana, Schubert (Mon). Salle Gaveau (563 2030).

Nouvel Orchestre Philharmonique conducted by Michel Corboz with Ensemble vocal de Lausanne: Bach – Saint Matthew Passion (Mon). Salle Pleyel (561 0630).

Shirley Verrett recital, Christian Ivaldi, piano: Mozart, Strauss, Brahms (Mon). Theatre de l'Athenee (742 6727).

Bruno Rigutto, piano: Haydn, Ravel, Chopin (Mon). TMP-Chatelet (233 4444).

Orchestre National de France conducted by Garcia Navarro. Christa Ludwig, Mezzo, Yuri Egorov, piano: Mozart, Mahler, Beethoven (Tue). Salle Pleyel (524 1516).

ITALY

Rome: Teatro Olimpico: The New Quartet. Mozart, Boccerini and Beethoven (Wed). (393304).

Rome: Oratorio del Gonfalone: (Vicolo della Scimia 1/B) Quartetto Cameristico Veneto. Handel, Bach and Galuppi (Thur). (655952).

Milan: Teatro alla Scala: The soprano Edita Gruberova. Wolf and Dvorak accompanied by Friederich Haider (Mon). (809126).

VIENNA

Bach's Matthauspassion with the Vienna Bach soloists, the Chorus Viennensis and the Vienna Boys Choir, conducted by Ernst Wedam. Konzerthaus (Tue).

Vienna Symphony Orchestra conducted by Christoph von Dohany. Stravinsky and Tchaikovsky. Musikverein (Wed and Thur).

WEST GERMANY

Frankfurt, Alte Oper: Frankfurt's Radio Symphony Orchestra under Eliahu Inbal and pianist Rudolf Buchbinder plays Mozart and Mahler (Fri).

LONDON

Orrett Rhoden, piano: Scarlatti, Bach, Schubert, Balakirev and others. Queen Elizabeth Hall (Tue). (928 3191).

Medici String Quartet: Beethoven, Bush, Cowie and Tippett. Purcell Room (Tue). (928 3191).

Gerard Souzay, baritone, accompanied by Robin Bowman. Beethoven, Brahms, Ravel and others. Wigmore Hall (Tue). (935 2141).

London Mozart Players conducted by Jane Glover with Anthony Rolfe Johnson, tenor and Simon Callow, narrator. Mozart. Royal Festival Hall (Wed). (928 3191).

NELP Chorus and Nemano Percussion Ensemble conducted by Michael Kibblewhite. Rossini and Stravinsky. Queen Elizabeth Hall (Wed).

Imogen Cooper, piano: Schubert. Wigmore Hall (Wed).

TOKYO

London Philharmonia Orchestra, conductor: Simon Rattle. Berlioz, Debussy, Shostakovich. Showa Women's College, Hitomi Memorial Hall (Tue); Brahms, Haydn, Britten, Sibelius. (Thur). (403 8011).

Yomiuri Nippon Symphony Orchestra, conductor: Karl Münchinger. Mendelssohn, Beethoven. Tokyo Kosei Nenkin Hall (Shinjuku). (Wed). (270 6191).

NEW YORK

New York Philharmonic (Avery Fisher): Erich Leinsdorf conducting, Malcolm Frager piano. Copland, Bartok, Brahms (Tue). Erich Leinsdorf conducting. Julliard String Quartet, New York Choral Artists. Handel, Schoenberg, Debussy, Berlioz, Tchaikovsky (Thur). Lincoln Center (874 2424).

Carnegie Hall: National Symphony. Rafael Fruhbeck de Burgos conducting, Mstislav Rostropovich, cello. Rossini, Prokofiev, Berlioz (Tue); Rotterdam Philharmonic. James Conlon conducting, the Orpheon Chorale, John Aler tenor. All-Liszt programme (Wed); Rotterdam Philharmonic, James Conlon conducting. Horacio Gutierrez piano. Janacek, Tchaikovsky (Thur). (247 7459).

WASHINGTON

National Symphony (Concert Hall): Pops concert with Chet Atkins (Wed); Mstislav Rostropovich conducting, Leon Fleischer piano. Berlioz, Ravel, Shostakovich (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Henry Mazur conducting. Mozart, Bruckner (Tue); Rafael Kubelik conducting. All Bruckner programme (Thur). (435 6122).

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FINANCIAL TIMES

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Friday March 1 1985

Cable hopes deferred

ITAP—the Information Technology Advisory Panel—is soon to present a second report to the Prime Minister on cable television in the UK. The report will come on the heels of the Cable Authority's announcement this week that it is advertising cable franchises in seven new areas including London's docklands. Itap's first report, in March 1982, sparked off a heady euphoria about the jobs and turnover which would be generated by the cabling of Britain. The Government became convinced that consumer interest in more TV channels could be used to finance an expensive new electronic infrastructure. Two-way cable links, it was hoped, would soon usher in a science fiction world of home banking and shopping.

These dreams have so far amounted to very little. Even the straightforward provision of cable facilities for entertainment has proved hard to finance; few homes have received new cable links. The national "electronic grid" which ministers once talked about remains a far off aspiration. Although the Cable Authority is bravely proceeding with new franchises, most of the 11 winners of the original pilot franchises in 1983 still face very serious financial and marketing problems. The fragile economics of cable were dealt a heavy blow by the abolition of 100 per cent first year allowances in last year's Budget.

Initiatives

The question now is to what extent the Government should amend its original approach to cable. It is accepted that Itap's initial proposals for the creation of an electronic infrastructure ignored commercial realities. The Department of Trade and Industry was carried away with enthusiasm for information technology and the hope that British companies could soon be at the cutting edge of a new industry with world-wide export possibilities. The Government sought an unworkable compromise: it set unduly exacting technical standards for what was ostensibly a market-financed, entertainment-driven industry. A hi-tech national grid was and still is, feasible but it was unreasonable to expect cable TV companies to provide it without public money.

If the present stagnation of cable operators is to be overcome, the Government will need to consider initiatives. Should it relax further the technological constraints on cable firms? The Cable Authority argues that the application of advanced technology should remain a "factor" in the award of a franchise although not the central issue it was when the pilot franchises were awarded. If it is accepted that the provision of entertainment through cable *TV has little necessary* connection with the creation of a hi-tech communications infrastructure, the case for imposing constraints is unclear. Why not allow companies to use the cheapest, tried and tested U.S. "tree and branch" technology even in formations which cannot be upgraded to provide interactive links?

A second question is what the Government should do to relieve the cash-flow problems of cable franchise holders. Some groups have lobbied for guaranteed or low interest public loans to finance the installation of the advanced switch technology necessary if serious trials of interactive services are to be possible. Yet if it is accepted that cable is primarily about the supply of new types of entertainment, the case for special help drops away. There is no obvious reason why cable operators should get more assistance than any other industry. The easiest compromise—tax benefits—is ruled out by the commitment to fiscal neutrality.

A third and more complex issue concerns the relationship between cable companies and British Telecom. When the debate about cable erupted in 1982, it was pointed out that BT (then state-owned) would be the logical supplier of interactive services through its existing national network of underground ducts. Yet once ministers opted for the private sector piecemeal provision of cable, a new question arose: at what price should BT be obliged to make available its underground ducts to the private operators? With BT privatised, it is unclear how much influence Whitehall should bring to bear. Some compromise is necessary but it is not obvious how much BT should assist the provision of more TV entertainment.

The Government faces several tensions in its communications policy. Cable operators cannot be regarded both as free commercial agents and yet also under an obligation to provide an electronic infrastructure for the comunity. The Government cannot regard BT as a free agent yet also dictate the terms on which it interacts with cable operators. *Nor can it ignore the* important ramifications for cable of its decisions on satellite broadcasting—which are also ostensibly in the hands of independent agents. The challenge will be to find the right balance between commercial freedom and "national interest" obligations for private companies.

Management of export credit

THE LATEST report on Britain's embattled Export Credits Guarantee Department arrives with a timeliness not always associated with Commons all-party committees. Yet another ECGD review—marked confidential for a change—should be landing on the Trade Minister's desk later this month. The Commons report is all the more welcome as a reminder of the constraints imposed on the ECGD by its status as a civil service department.

At the same time, though, the Commons Report has not exactly clarified the ECGB's predicament. Last year, the Govrenment rejected the unanimous recommendation of its own ECGD study—the Matthewa Report—that the department be made a public corporation. The Commons Report has endorsed this rejection, on the flimsiest of grounds that the credit markets are too myopic to spot a Treasury guarantee when they are shown one. A public corporation, it is argued, would therefore have to risk losing the status of a sovereign credit risk.

Again, the Commons Report offers few if any guidelines for the practical resolution of the perennial dilemma for the ECGD: how should it reconcile its need to operate at no net cost to the taxpayer with its need to foster exports in the national interest.?

Tha report's implicit answer is that losses today are the price of jam tomorrow and the priority should be simply to encourage a more commercial ethos in the department. But this poses its own dilemma: how are ECGD civil servants to behave like private sector bankers and underwriters

Most disconcerting of all, the report's enthusiasm for the present operations of the ECGD inevitably jars with the uncomfortable fact that the department is caught in a cash flow crisis.

At least three areas of ECGD's operations appear to warrant urgent attention. First, the recent haemorrhage of high-calibre staff to the private sector must be stemmed and reversed. Most of the abundant comment on ECGD's staff has been favourable; but its doors have been revolving more frequently in the last year or two

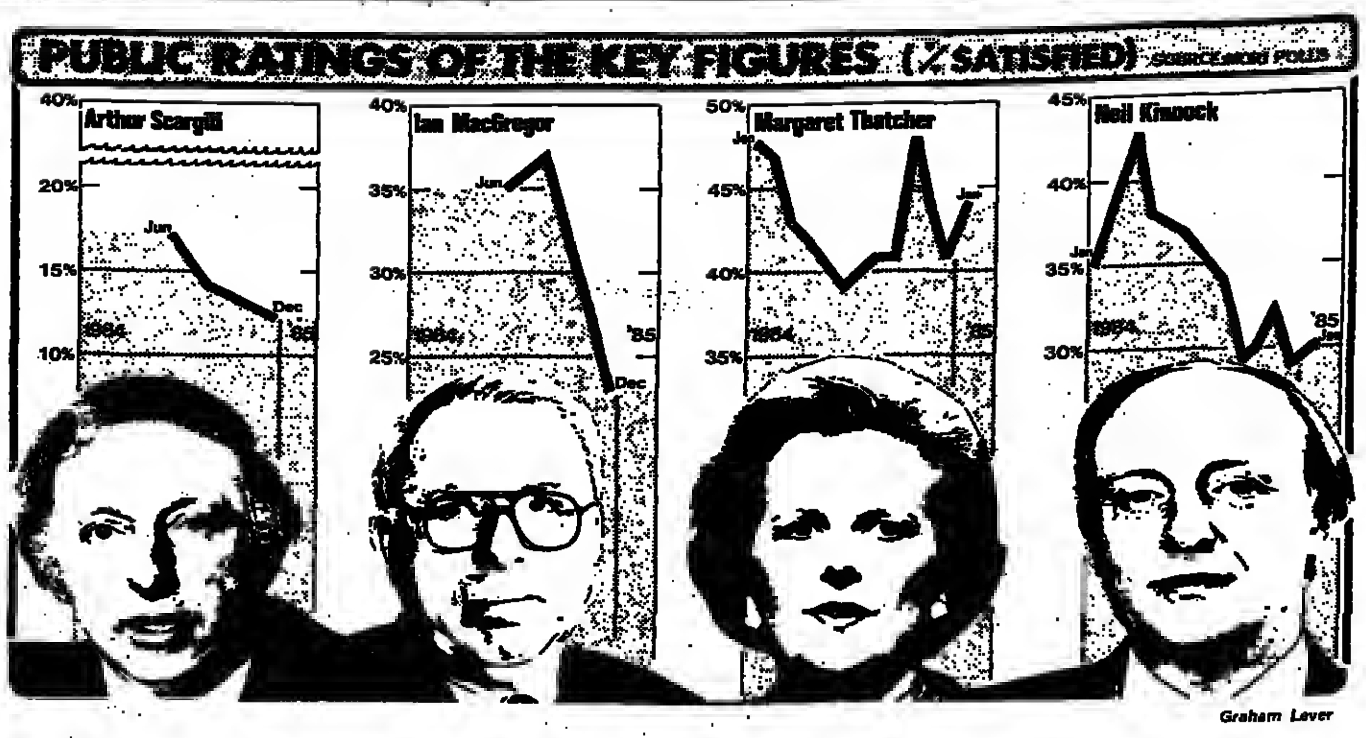
Second, small companies with their eyes on export markets are in danger of being discouraged by rumours of imminent ECGD cutbacks in this area. The Trade Minister could do much to reassure the small business sector by suggesting as soon as possible what might be done to streamline the various departments offering services for the exporter.

Strategy

And third, a similar exercise of reappraising objectives and priorities might be launched within the main trading activities themselves. The pros and cons of turning the ECGD into a public corporation were obviously finely balanced last year — but the change was never more than a means to an end, namely a more flexible and commercial approach.

The same goal could now be tackled by allowing the ECGD to contemplate a range of financial innovations. An encouraging start was made in this direction last December, when the ECGD guaranteed an international bond issue for a private export credit company. Reinsurance policies and in independent, capital markets investment strategy could also now be appropriate, given the right staff.

Such moves would do much to change the ECGD's spots and leave it looking something like a private sector beast. The timing of this change, finally, might provide an apt opportunity to look again at the whole business of flat rate premiums on ECGD cover. As the Byatt Report pointed out, there are no *a priori* economic grounds for hte indiscriminate government subsidies implicit in the flat rate system. Restricting the ECGD more closely to its traditional insurance role might even be added to the list of innovations for review.



Graham Lever

The year the miners lost the people

By Philip Bassett, Labour Correspondent

'THE BIG inquiry now will be—who lost the miners' strike?" says Jim Slater, general secretary of the National Union of Seamen. "But there is no question about who lost it—it was the lack of support in the country."

A candid admission from a leading TUC left-winger — but a crucial one. The strike is now reaching its first birthday. A year ago today, the National Coal Board announced the closure of Cortonwood colliery in Yorkshire — and 9,000 miners there and at nearby Bullcliffe Wood walked out almost immediately. Next week sees the anniversary of Mr Ian MacGregor's tabling of proposals to cut the industry's capacity by 4m tonnes.

Together, these events combined to spark off Britain's longest-ever major national strike. Now the strike appears to be approaching its end. It is clear that the miners could not have given more: those who came out have remained more solid, stayed out longer and endured more hardship than any other large group of British workers

The sheer scale of this extraordinary endurance has been matched only by the tenacious determination — founded on a complex of historical, political, theoretical and industrial reasons — of the Government to resist it.

But this government has always blended, most successfully, its ideology with populism: its stiff opposition to the miners is rooted in a belief that the British public is hostile towards militant trade unionism, and to this strike in particular.

The Conservatives were swept to power six years ago on a wave of public revulsion towards the effects of the strikes of the 1978-79 "winter of discontent." Public opinion then was clear and decisive; normally, public attitudes towards trade unionism are more complex, often contradictory.

Poll evidence shows that the public tends to see unions as institutions central to democracy, except when their members strike. They tend to be seen as too powerful, except when people are asked about their own unions: *they* are seen as weak, ineffective, not powerful enough. As the playwright Michael Frayn put it: "Public opinion, so far as I can tell, unquestioningly concedes the right of men in a free society to withdraw their labour. It just draws the line at strikes."

Opinion polls have both charted, and contributed to, the miners' strike and its mounting failure. Back in June, the public was reasonably evenly divided: 41 per cent supported the coal board, according to MORI, while 35 per cent backed the miners. Some 23 per cent were undecided, or backed neither.

By August, after a summer of picket line violence, judgment was shifting: 46 per cent backed the board, 30 per cent the miners. By the end of the year, the position remained tha same.

Trade unions tend to be suspicious of polls. Their direct access to union members cuts across unions' traditional structures of representative democracy, potentially undermining unions' raison d'etre: more problematically for many unions, they keep showing results often directly contrary to what union leaders osmotically discern their members want.

Arthur Scargill is no exception. Throughout the strike, he has appeared unconcerned about public opinion, preferring to concentrate on appealing to a narrower electorate — the predominantly young miners who became the strike's key activists. But the miners' president gave to the public an impression that he couldn't concede control even to them: having been turned over in three ballots since taking office in 1982, Mr Scargill was blamed, rightly or wrongly, for preventing a ballot on the strike.

The lack of a ballot has run like a sore through the strike. "Ballotitis," Mr Mick McGahey, the union's vice-president, dismissed it as, but the public didn't agree. Marplan found in July that 79 per cent *thought* the miners should hold a ballot on strike; by August, MORI found the proportion as high as 92 per cent.

Mr Robert Worcester, MORI's managing director, views the failure to ballot as crucial. "The thing that makes me weep," says Mr Worcester, "is that Scargill did not commission a private poll before he cast his strategy in concrete, to find out that he could have won tha thing with a then-statutory majority of 55 per cent.

"That would have legitimised the whola thing, and the whole course of the dispute would have been vastly different."

Choosing not to ballot, especially for a union with a long and honourable tradition of ballot-box democracy, seemed to the public unfair, and wrong. Just as it was decisive in the union, it was, too, in shaping public attitudes, which appeared to reach firm conclusions on a number of issues:

● *Personalities. Mr MacGregor* was backed, initially, but his of the maladroit handling of the dispute lost him support. For Mr Scargill there was little but vehement and increasing public hostility. Judgment on Mrs Thatcher was more evenly divided, but on Mr Neil Kinnock it was clear: a poor performance. For Mr Kinnock in particular, perhaps the most distressing measure is the slump in his support among trade unionists: from a satisfaction rating of 46 per cent at the start of tha strike, to 33 per cent now. Support for the political parties has broadly kept in line with support for their leaders.

● The strike. From the start, there was suspicion of what the strike was about. Marplan found in July that a massive 72.9 per cent thought the strike was politically motivated, with only 19.4 per cent seeing it as primarily an industrial dispute. Most people thought it pointless *in any case*. At intervals throughout the dispute, Gallup asked voters whether at its end, they thought individual miners would be better or worse off; the results were remarkably consistent—in November, for example, as many as 83 per cent thought a miner would be worsa or no better off after the strike was over.

● The coal industry. Traditional support for coal remained strong. MORI found in June that 73 per cent of the public wanted either a greater emphasis on coal rather than nuclear power for electricity generation, or the pre-strike blend of a high dominance on coal. But by the end of the year, the public had clearly not taken the NUM's argument: only 12 per cent thought all pits should be kept open, regardless of whether they are economic or not, and almost half thought the Government should seek to close all uneconomic pits.

● Violence. Opposition to the tactics of some of the miners remained consistently *high* throughout the strike. As the violence mounted over the hot summer, disapproval grew. Gallup found in July that 79 per cent of the public disapproved of the methods being used to prosecute the strike. Seventy-eight per cent thought the methods irresponsible. A measure of that change in the public's attitudes towards the miners was that 10 years before, in the 1974 strike, only half had thought so.

Again, despite Mr Scargill's consistent criticism of them, the public throughout the strike backed the police. At the height of the picket line violence, 71 per cent thought the police had handled tha strike well; by October, only 9 per cent thought the police were to blame for the trouble.

So, in the public's eyes, what will be the strike's legacy to trade unionism? Despite the strike's failure, the public still sees unions as too powerful—64 per cent did so in a September Gallup poll. The same poll found that 69 per cent felt that trade union leaders are out of touch with their members. Sixty-four per cent, according to MORI, feel that most unions are controlled by a few extremists and militants.

Four-fifths now opposa unofficial strikes. Though a majority of 51 per cent is still against the Government using troops to break strikes, 42 per cent now approve — some of them strongly. Sixty-three per cent support no-strike deals — including 62 per cent of union members.

John Lyons, general secretary of the Engineers' and Managers' Association, who opposed the strike on behalf of his power station members, sums it up. "There was very, very deep opposition right across the country to the way that the strike has actually been handled," he says.

"The failure of Arthur Scargill and the NUM's leadership to get general support is a result of the way that the strike has been conducted. I think that the miners' leaders will have to ask why that happened."

THE ISSUE THAT HAS HAUNTED THE STRIKE

"WE'LL SUPPORT you evermore!" the NUM activists still sing to Arthur Scargill. Perhaps they will; but with more than half the union now back at work, it is clear that, increasingly, the union's members won't, or can't—and mostly, other union members never have.

The signs were clearly there from the start, had Mr Scargill and the rest of the NUM leadership chosen to read them. Back in January last year, two months before the strike even started, a MORI poll among miners found that 68 per cent thought the union should not call a strike to follow the overtime ban, which had then been in force for three months.

The NUM decided not to ballot: crucially, a MORI poll in March showed it was wrong not to take the risk. Sixty-two per cent of miners—well in excess of the 55 per cent then required under NUM rules—were then in favour of a strike; by April the figure had risen to 68 per cent.

But the seeds of the NUM's problems were also there. A majority—53 per cent—of Nottinghamshire miners made it clear they would not strike; since then, they haven't. And even though nationally they were in favour of striking, the miners were sceptical of its value: 63 per cent thought the strike would not stop the NCB from implementing its pit closure programme.

By July, with the warm weather and the tide running in the NUM's favour, a Harris poll found that 74 per cent of striking miners said they would stay out indefinitely; by this month, a private NCB poll showed that 86 per cent now wanted a quick settlement.

Hardship was clearly part of the reason—but the refusal of most trade unionists to support actively the minera was clearly another.

As the strike got under way, MORI found that trade unionists were divided over its basic issue: 47 per cent supported it, 40 per cent opposed it, while 13 per cent were undecided. But asked to translate this into practice, 71 per cent said they would not be prepared either to go on strike or take any action in support of the miners without the NUM holding a ballot. Support for a ballot was strong (89 per cent), but even if one had been held, a majority (52 per cent) said they would still take no action in support.

The TUC Congress in September pledged Britain's unions to a detailed programme of specific action to support the NUM, including the blacking of all coal, coke and oil movements. At the same time, poll evidence showed that only 20 per cent of union members would not cross miners' picket lines, as few as 7 per cent would take part in industrial action in support of them, and only 2 per cent would join an indefinite strike. Half felt their own union should give no support to the miners.

By last week, a MORI poll showed no change in the position, despite constant entreaties from Mr Scargill. Worse still for the NUM, as many as 70 per cent of all trade unionists do not view as "scabs" those miners who have crossed the picket lines and gone to work.

As late as yesterday, Mr *Scargill was still calling for* industrial action from other unions to win the strike—but his speech in Castleford, West Yorkshire, earlier this week may set the tone for the recriminations from the left when the strike is over.

Mr Scargill said, with regret, that "while we have 11m trade unionists within the *TUC*, the tragedy has been that, unlike supportera of the Tory Government, our supporters have not been in the fight supporting this union like their supporters."

Finally spelling out one of the lasting messages of the strike, he concluded: "When history comes to examine this dispute, there will be a glaring omission—the fact that trade unionists have been standing on the sidelines."

Men and Matters

Taking the Lange view

David Lange, the rotund and acerbic Prime Minister of New Zealand, revealed in London yesterday why he would never allow Anglo-New Zealand relations to grow sour, despite Mrs Thatcher's public criticisms of his anti-nuclear policy.

"In what other country could I go out on the street without any bodyguards, and breakfast on bacon sandwiches with brown sauce, paying only £5.25 for three people?" he asked.

Not all countries would base their good relations with Britain on the quality of its cuisine, but for Lange, who insisted that the relationship had never been better, it was clearly a decisive factor.

"We are mates, and we still seem to marry a lot of them." said Lange, who has an English wife.

Lange had an equally original view of New Zealand's quarrel with the U.S., which has been angered by his refusal to allow nuclear-armed and powered ships to visit New Zealand ports, and retaliated by refusing to share intelligence *information*.

"We can live with that." Lange commanted blithely. "If the U.S. really wanted to attack us, they would cut off Dallas and The A Team."

Queen's move

Relations between Buckingham Palace and The Times, on the other hand, became a little strained yesterday when, for the first time in the year-long dispute, the Queen dipped a toe into the murky waters of the miners' strike.

During a tour of the paper's London offices to mark its bicentenary the Queen spoke to Paul Routledge, the paper's labour editor. Normally Routledge would have been in Sheffield to cover the meeting of the miners' executive. But he had been asked to stay in London to play his part in the carefully-planned Royal tour.

Questioned by reporters later, Routledge said the Queen had taken a serious interest in the strike and had displayed considerable knowledge of it. He also said of her view of the miners' president: "I think she took the view that the dispute was promoted by Mr Scargill."

Fearful of "Queen Blames Scargill" headlines Buckingham Palace quickly issued a statement making it clear that such conversations were private, and that there was no question of the Queen taking sides over an industrial dispute.

The Times issued another statement saying that what the conversation had been about was the idea that the miners' dispute now seemed to be focussing upon Scargill—rather than being promoted by him.

As ever, Scargill got in the last word. Told of the conversation between the Queen and Routledge he flinched not an inch: "Tha responsibility for this disputa lies with the government and the National Coal Board."

Open account

Nobody is quite sure when, if ever, the Liechtenstein flag last flew in London. But one was fluttering in Devonshire Square yesterday as the Bank of Liechtenstein prepared to mark the principality's first bank in the City.

The London subsidiary opens today, with Malcolm Wells, former chairman and chief executive of Charterhouse Japhet, at the helm. Not surprisingly, there is sensitivity to Lilliputian references, even though the entire territory of Liechtenstein (plus a good chunk of Switzerland) is captured in a photograph lining one office wall.

Liechtenstein banking is not, Wells stresses, merely about setting up newspaper publishers' trusts in Vaduz. The new London operation is hoping to handle the assets of wealthy people who want to keep their money in that country. But it will also be dealing in the money and foreign exchange markets, lending and underwriting securities, backed by £10m in capital.

"I've counted them all out—and I've nearly counted them all back."

Pickens' bid?

"I do not dodge a fight as you well know, but I do not lika poor odds, especially when it is going to ba expensive—maybe $15m."

T. Boona Pickens, the 56-year-old Texan who has done more than anybody to restructure the U.S. oil business over the last 18 months, was speculating on American television about the possibility of making another takeover bid—for the Governorship of Texas.

Given the hundreds of millions of dollars that Pickens and his friends have made out of their oil deals over the past year, he could easily finance a campaign for the top job in Texas. And there must be plenty of senior executives in the more sleepy oil companies who would wish him well in his fight. His departure from the oil patch would make their lives a lot more peaceful.

Pickens is no newcomer to Texas politics. He was heavily involved in rounding up support for the Reagan-Bush presidential campaign in the state in 1980, and again last year. Two years ago, he headed the push to get Bill Clements, Texa's first Republican Governor, re-elected. But Clements, founder of Sedco, the oilfield services group, was defeated partly because he was regarded as the candidate of "big oil."

Pickens can hardly be called a friend of the oil companies. But he is still cautious about his chances of unseating the Democrat incumbent, 44-year-old Governor Mark White.

If Pickens is to stand, he will have to make a decision before the end of the year. A the moment, he says it is "unlikely." But then he said that about his take-over bids for Gulf Oil and Phillips Petroleum. And he is keeping his options open. "We will be watching Governor White," he says, "and if an opportunity presents itself, we may get serious."

Cover story

Swaziland, the land-locked southern African kingdom, has decided that wives will no longer be allowed to wear the pants—at least not in public. Legislation is pending which will forbid women from wearing trousers in public places, a move which, hoteliers fear, may curb the country's tourist trade.

Fortunately fro men, there are no plans to prohibit them from wearing skirts. Swaziland's national dress for men is a colourful wrap-round skirt complemented by a feathered headdress.

Observer

POLITICS TO-DAY THE EUROPEAN LEFT

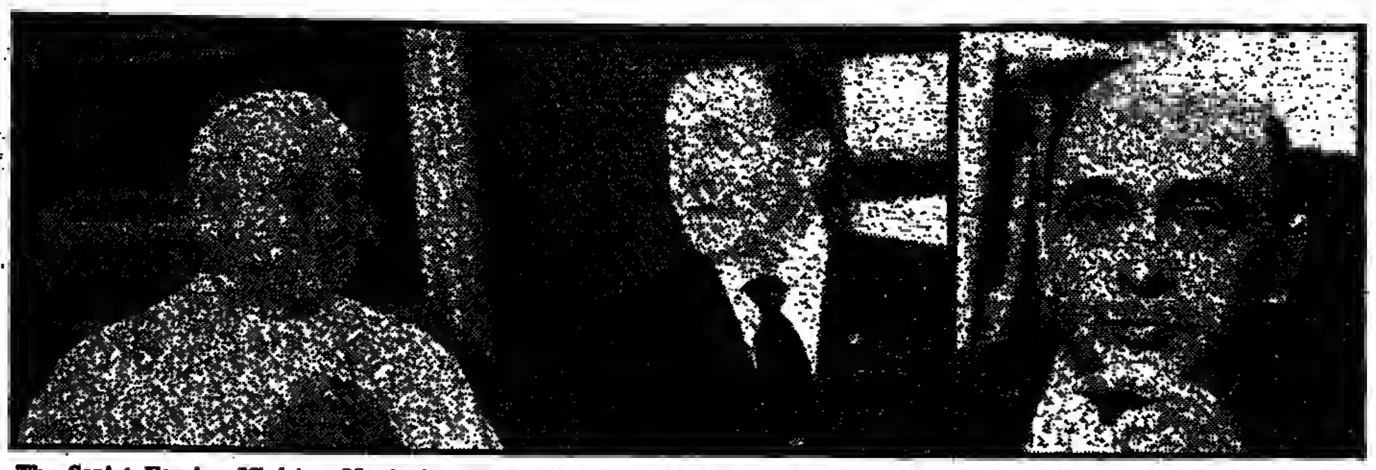
A mellower view of the U.S.

By Malcolm Rutherford in Rome

MR ANDREI GROMYKO, the Soviet Foreign Minister, was in Italy this week. Since the breakdown of the Geneva talks on intermediate nnclear forces, it was his first visit to e West European country that has gone ahead with deployment.

Apart from some sightseeing, he visited the Italian Government and the Pope. But he did not see much of the Italian Communist Party, which must be the only Communist grouping capable of coming to full power by democratic election.

It is doubtful whether the Italian Communists were sorry to miss him, for the striking fact about the Italian party is bow strongly anti-Soviet it has become. In any case, many of its leaders were involved in Rome in a conference on the United States and the European Left.



The Soviet Foreign Minister, Mr Andrei Gromyko, visited the Pope while in Rome this week. But be did not see much of Sig Giorgio Napolitano, the Italian Communists' parliamentary leader.

These conferences on U.S. European relations were set up in the 1970s when it seemed that the Communists might be about to take power in Portugal and, *more importantly*, Italy, and that the U.S. could overreact either by withdrawing from Europe or by engaging in a counter-revolution.

The outcome has been rather different. The Communists have shared power in France, but do not look to have much of a future. In Italy they are still waiting at the door. Meanwhile, however, the party is continuing to evolve in a distinctly Western-oriented way. Indeed it is now seeking alliances with other European parties of the left: Socialist and Social Democrat as well as Communist. What it hopes is that the European Left as a whole can have a dialogue, first among itself and then with the U.S.

One of the architects of this process is Sig Giorgio Napolitano, the head of the Communist group in the Italian Parliament, and foreign affairs expert. In the last year or so, he has been leading a delegation to the North Atlantic Assembly, the consultative parliamentary body of Nato. The Italian Christian Democrats had long sought to keep the Communists out, but they have now broken through. Sig Napolitano calls for the standardisation of Nato equipment and a greater European voice in the Atlantic alliance along with the other parties.

Yet it would be wrong to attribute all the impetus for change to the Italian Communists. There seems to be a desire for unity among the wider European Left. This week's conference was hosted by the Italian Socialists. One of the most prominent parties attending was the West German Social Democrats who still exude a certain confidence that they will return to office in the not-too-distant future, though perhaps as e more left-wing party than under Helmut Schmidt.

Also present were the French Socialists and Communists, the Dutch Labour Party, the Danish Social Democrats and an array of Socialists and Communists from the smaller countries from Greece to Finland.

Both wings of the British Labour Party were represented: the Right by Mr George Robertson, the number two spokesman on foreign affairs, and the Left by Mr Stuart Holland, the spokesman on development. Indeed, It was perhaps the British delegation which caused most confusion since they appeared to give rather different views of Labour's new defence policy, both of them quoting Mr Denis Healey in their reports. Even Mr Robertson, who is facing reselection trouble in his Glasgow constituency, is now going round saying that he is to the left of the Italian Communist Party.

What came out of it all? The American participants received the very strong impression that all the talk about the European Left going nentral or even pacifist is greatly exaggerated, though there were residual doubts about Labour in Britain.

Most of the Europeans did not seem to be particularly anti-American, although clearly much will depend bow President Reagan handles his Strategic Defence Initiative and an invasion of Nicaragua would be fatal.

The principal reason fort his mellowing of the Enropean left's view of the U.S. seems to be near-total disenchantment with the Soviet Union. It was widely agreed that Moscow bas nothing left to offer. The Soviet system is no longer even seen as a potentially attractive model for Third World countries in distress. There was no trace of the idea of equating the two superpowers and regarding one as bad as the other.

Arms control is crucial. The European Left believes that the U.S. must accept nuclear parity with the Soviet Union, if only because the Russians will not agree to anything less and will go on striving to keep up with whatever the Americans do.

The West German Social Democrats feel this most strongly, perhaps because they are closest to it. They still believe in the Ostpolitik of the early 1970s and that it can be pursued by a series of small steps without destabilising the Eastern countries. But there is not a hint of neutralism in their approach.

It was striking that at a conference of left-wing European politicians only the odd American tried to raise the so-called German question. It seems to me that the re-emergence of the German question is an invention of academics and quasi-academics. The politicians are more realistic. What the West Germans want is continuing progress in reducing East-West barriers, none of which needs to be very dramatic but which will have cumulative effects over time.

"There will be no liberation of Eastern Europe," said one of the leading SPD representatives, "and no crusade. The only approach is to provide leeway for the gradnal evolution of Communist systems."

France is an exception, even a maverick: a Socialist government which insists on maintaining a strong national nuclear defence. The rest of the European Left on the Continent bowever, seems to have become reconciled to this. Their main point is that French nuclear policy should not be allowed to get in the way of co-operation in other areas. Indeed, there is a kind of family relationship among the continental Left which does not quite extend to Britain. It is the British, rather than the French, who are regarded as eccentrics, though not without considerable interest.

Defence is a bold subject for the European Left to seek to tackle. Internal divisions on it bave seriously undermined Left-wing parties over the years, and not only the British Labour Party. It bas been a key element in Dutch politics for more than a decade. What is new is the attempt by the European parties to approach it together.

Some of the outcome so far is astonishingly conventional, though it must be added that this is still very much a voyage of discovery and the main fact is that the European Left has never tried it collectively before. Many of the arguments advanced this week will be familiar to anyone who has ever attended conferences on European defence, East-West relations or relations between Western relations or relations between Western Europe and the U.S. during the past 20 years or more—conferences which bave bad little or nothing to do with the Left and very small Left-wing participation.

For example, the Left bas picked up the idea of e European pillar of the Atlantic alliance. It talks about new institutions for European consultation or the resuscitation of old ones like the West European Union. It wants more consultations with the U.S., but recognises that these can come only if Western Europe can speak with one voice. It wants a European identity.

All those are the cliches of the trade. Indeed, Europe is littered with institutions set up to create better intra-European and cross-Atlantic co-operation. Most of them are fairly moribund. In Rome nobody even mentioned the European Parliament, despite three days of discussions.

Three points stand out, however. The first is that this initiative bas come from the Left, much of which used to be either against defence or preferred to pretend that the subject did not exist because it was politically embarrassing.

The second is that the Left, at least as represented here, appeared to accept the existing structures. There was no ettack on Nato as such, only a view that it ought to be improved. The strongest attack on American policy came not from the Continent, but from Mr Holland of the British Labour Party.

The third point was that, as the talks went on the Europeans realised there were certain steps they could take together. For instance, they could be more active in pushing a collective view at the Conference on Disarmament in Europe in Stockholm. They could try a more united approach to the talks on mutual force reductions in central Europe in Vienna. And they could seek to put new life into the Helsinki Agreement and might be eble to co-ordinate their policies to the Third World.

The plan is to bold another conference shortly, probably in America, and to tell U.S. Congressmen that the European Left does bave a view of the world that deserves to be beard and is not necessarily anti-American.

It was a good start, but one was left with the impression of bow far there is to go. Mr Klaas de Vries, of the Dutch Labour Party, asked the Americans to understand that Europe was still discovering itself. He aounded a bit like Mrs Thatcher telling the joint meeting of the U.S. Congres 10 days ago that Europe has ben through its biggest turmoil and npheaval since the fall of Rome and was only now coming to terms with it.

In other words, Europe Left and Right might be beginning to think along similar lines about developing a European personality. But it could still be about 20 years too late.

Lombard

Finding a home for the panel

By Richard Lambert

"Ageing watchdog seeks new kennel. Teeth a little shaky ot times, but still capable of o nasty growl."

It is not et all obvious where the City Takeover Panel is going to fit in the new statutory-based framework for investor protection in the UK. Members of the Panel will be preparing their thoughts on the future within the next few weeks, but it already seems apparent that the present informal arrangements for supervising takeover activity are going to bave to be modified.

The Panel works—generally rather well—because it is in the interests of the merchant banks which play the takeover game to have e sympathetic referee who is in a position to set acceptable standards of bebaviour. But the players have been getting much more competitive in recent years, and as the stakes have grown bigger, the banks have been more willing to test the limits of the Panel's authority.

Conditions seem bound to get rougher still as newcomers troop on to the field. Since the Panel will no longer be dealing with practitioners wbose activities are largely confined to the City, its sanctions will not be taken for granted in quite the same way.

Moreover, there will be a new power centre in the British securities market—the Securities and Investments Board, an agency which the Government plans to equip with statutory powers to regulate a wide range of investmant management activities. Unless the Panel can associate itself with this new body in some way, its independent authority might wither away.

But how to make the link? The Government has said that it would be willing to consider statutory backing for the Panel if that was felt to be helpful. Sucb a move might be bureaucratically convenient, since it would allow the Panel to be slotted neatly into the new statutory framework. Bnt most of the virtues of the present system would be lost in the process.

Although the Takeover Code is becoming more legalistic, it still relies on the observance of a set of broadly based general principles: practitioners have to follow the spirit as well as the letter of the rules. The Panel's executives spend a large part of their time providing informal guidance. They can respond quickly to changing events and are willing to bend the rules when that makes obvious sense.

Such a system could not work if the rules were set in statutory concrete, and subject to challenge in the courts. Evidence for this can be seen in the U.S., where the Securities and Exchange Commission's interests in takeovers is largely confined to disclosure requirements. The SEC has been unable to respond to growing disquiet about the unsavoury takeover tactics which have been hitting the headlines with increasing frequency in recent years. Statutory rules to protect the investing public are one thing, but laws aimed at regulating the conduct of merger activity are another.

As an alternative, one suggestion is that the Panel could be taken over by the Stock Exchange, and merged with the quotations department into e new sleuthing agency. This was put forward yesterday by the City Capital Markets Committee. The trouble is that the Takeover Code extends to all public listed companies, including those traded on the over-the-counter markets, and it is not certain that the Exchange will be able to retain its position as the dominant central market in the years to come. Even in the brave new world, it might well be difficult for a Stock Exchange agency to regulate the behaviour of merchant banks which were not its members.

Some way has to be found to keep the Panel as an independent, non-statutory agency while still ensuring that it is eble to enforce its authority in a much more competitive world. The answer might be to make sure that all the relevant self-regulatory organisations which will be anthorised to conduct an investment business by the new Securities and Investments Board are also members of the Panel. Then the board could insist that these organisations make it a rule that anyone who wants to run an investment business was first to promise to obey the Takeover Code.

The knee-jerk and the Budget

From Mr D. Fettes

Sir,—Enough has been written in the past weeks about the wisdom of milking the pensions cow to support the Government's financial requirements. More important is the exposure of panic which is created each year by the archaic cloak of secrecy surrounding the Budget. Last year we had the abolition of life assurance relief which was rumoured and then proved to be correct. This was followed by two rumours in May and November concerning pensions, neither of which proved to be correct. There must, however, be many people and companies who entered into pension arangements last year before they were ready.

Now we are experiencing the same rush to the pensions counter. Minds are concentrated on the consequences of life without pensions tax relief and in many cases money which would otherwise be invested back into the business and industry is being poured into pension arrangements—could it be unnecessarily?

Surely the time has come for Chancellors to enter into consultation with representatives of industry and the business world so that we can benefit from an ordered approach to the financial future of the country, rather than having to divert attention from business to sporadic and frenzied bursts of activity to beat changes in legislation which might never take place.

Although the insurance companies are delighted with the current level of pensions activity, these knee-jerk reactions to rumours must be counter productive in the long term.

Devid Fettes,
Lucas Fettes & Partners.
301-305 Euston Road, NW1.

Predictions on pensions

From the Government Actuary

Sir,—John Cullen's letter (February 26) dealing with the projection of pension costs requires some clarification. He highlights differences between the figures in the Government Actuary's quinquennial review of the National Insurance Fund published in 1982 and those in the background paper for the inquiry into provision for retirement entitled "Population, pension costs and pensioners' incomes," published in 1984.

The main difference is that the later estimates use the 1981-based population projections rather than the 1979-based figures used for the quinquennial review—in each case the latest available at the time of making forecasts. The 1981-based projections allow for the results of the 1981 census, and also assumed rather lower birth-rates in future. Obviously these changes would alter the demographic balance as foreseen for the year 2025, and thus the projected contribution rate for state pensions.

It should not be necessary to say that the projections are made as an independent exercise and are certainly not designed to suit any particular point of view. Estimates of the far future will be revised from time to time, but the first paragraph of my background paper points out that in spite of these uncertainties "the general pattern of substantial increases in emerging pension payments during the first quarter of the next century is secure."

Edward Johnston,
22, Kingsway, WC2.

Letters to the Editor

Twenty wasted years?

From Mr A. Tessler

Sir,—Mr Peter McGregor (February 21) keeps on pontificating—now against the Treasury and some weeks ago against Mr Samuel Brittan. Yet Nedo, his own so disappointingly, ineffective organisation, completely escapes criticism. For what has Nedo achieved in these last 20 years? It has piled mountains of reports upon firms instead of convincing them, one by one, of the need for greater productivity, of taking design much more seriously and of investing more in export promotion. In all these vital areas Nedo has been singularly ineffective. Did the Treasury prevent it from achieving these objectives? Now Mr McGregor—by implication—blames the Treasury for not doing the work which he and his colleagues so signally failed to do over the past wasted 20 years.

Andrew Tessler,
Silverwood,
Park Copse,
Dorking, Surrey.

Architects' fees

From the President, Royal Institute of British Architects

Sir,—Mr L. T. S. Littman (February 21) makes statements about the conduct of architects and the RIBA that are misconceived and need to be corrected.

Architects are normally commissioned by their clients to design buildings, which they often do in collaboration with other consultants. Their design is shown in drawings and specifications from which others may then build.

The actual construction work is normally the subject of a separate contract between a client and a builder whereby the builder undertakes to carry out and complete the prescribed works for an agreed sum of money and within an agreed time. Should the builder fail in this, the client may be entitled to recover damages. The architect is not a party to the building contract, but may be named in it and have to carry out administrative duties in connection with it. These duties include inspecting the construction and certifying payments due.

Architects' fees for their design work and subsequent administrative services are a matter for agreement between client and architect et the outset. They will often, though not invariably, be charged as a percentage of the construction cost of the building works.

Circumstances may arise, such as changes in the client's requirements or delays in construction, which involve the architect in extra work and expense. Where the reasons for this extra work are beyond the architect's control, additional fees will be due. In no circumstances would the RIBA support, as suggested by Mr Littman, claiming of fees for extra work caused by an architect's own misjudgment or inadequacy.

Michael Manser.
66, Portland Place, W1.

Profit sharing and jobs

From the Managing Director, Copeman Paterson

Sir,—Samuel Brittan (February 25) has done an important service in analysing Professor Martin Weitzman's proposal for paying employees two-thirds of the added value.

I have two comments on this proposal. It would go hard on capital-intense firms unless some kind of dividend or interest was deducted from the calculation of added value, in respect of all the company's capital, regardless of whether such dividend or interest was to be paid. Weitzman appears to have overlooked the fact that the successful firms are the ones which grow and which largely generate their own capital for growth. If two-thirds of their edded value was paid in wages, their growth could be stunted. The total economy is made up of growers, stagnants and decliners. Cut the growers and you cut the total economy rather badly.

Employee share schemes are better than cash bonuses because they share the reinvested profits of successful firms with their employees. This is motivational and it does not stunt the growth. Also share schemes are outside the contract of employment. The TUC agreed to this in 1978, so that the schemes avoid the Truck Act of 1831.

It is better therefore on the whole if firms pay market rates of wages and salaries, trying to keep union negotiated rates at similar levels and providing extra reward for employees in successful firms through share schemes. There are individual company cases where a cash incentive bonus is the right policy, or a choice between cash and shares, but for the economy as a whole it could be a disaster to abandon share schemes and put in cash schemes which automatically passed e major slice of the added value to employees.

George Copeman.
10, Buckingham Place, SW1.

Having a few jars

From Mr S. Devenish.

Sir,—Mr Connold (February 26) presents a minority view on the subject of the style of glass chosen by individuals from which to quaff their beer.

Having spent several years in diverse parts of the world where local tradition demands that one drinks beer from a glass slightly smaller than that provided in most homes as e container for toothbrushes, I believe that the shape and style of container is important to the enjoyment of the drink.

Since tipplers tend to be creatures of habit, a change in the shape of the container from, say, a handled mug to e straight glass may necessitate a change in stance—no serious connoisseur would sit, as one is required to do in most "Eurofizz Palaces," when there is room to stand.

In short—leave us our choice. It's one of the few decisions a person can make today which is not considered sexist, racist or taxable and to some of us it is an important part of the pleasure of "having a few jars."

S. M. Devenish,
67, Blacklands Road,
Beckenham Hill, Kent.

The pound at ninety cents

From the Chairman, Allans of Duke Street

Sir,—We wonder and worry about pound-dollar parity. It seems to have escaped the notice of our financial writers that Americans making VAT free purchases were actually buying the pound for not more than 90 U.S. cents or even less during the last two weeks.

Alan Hershman,
56-58, Duke Street,
Grosvenor Square, W1.

FINANCIAL TIMES

Friday March 1 1985

UK energy group sees market value halved

By Alexander Nicoll in London

BURNETT & Hallamshire, the British coal, oil and property group which was a London stock market star in the 1970s, saw its market value more than halved to £25m ($27m) yesterday after disclosing that it was holding talks with its bankers on reducing debt.

The group's share price, which had lost 20p on Wednesday on rumours about tha talks, fell a further 70p to close at 65p. The drop was reminiscent of a £43m slide in its market capitalisation to £73m in October 1983, when the company's problems first became apparent.

The market believed that Burnett had been overcoming troubles encountered after a rapid series of acquisitions. But Burnett said yesterday that it was "holding discussions with its principal bankers with a view to seeking their co-operation in achieving a reduction in the overall indebtedness."

A further shock to the market was delivered in the company's disclosure that its attempt to reduce exposure to Californian property interests, one of its major problems, would probably take "some time to achieve."

Burnett had also suffered losses at a South African coal-mining associate, Rand London, which has recently returned to profit after several years of losses. Most recently, Burnett's coal mining activities in the UK have been hit by the miners' strike.

The company's difficulties are in marked contrast to the heady days of international expansion overseen by Mr George Helsby, who attempted in a series of acquisitions to make the company a prominent international energy group.

Shortly after Mr Helsby's surprise retirement in 1983, Mr Eric Grayson, the new chairman, shattered the market's illusions with news of the problems in California, where the property market had weakened significantly.

Pre-tax profits slumped from £30m to £8.8m in the year ended last March and contracted further in the first half of the year.

The market interpreted yesterday's news to mean that a capital reconstruction could be under discussion.

Background, Page 28

EEC ministers fail to find enlargement deal

BY QUENTIN PEEL IN BRUSSELS

EEC foreign ministers last night abandoned their latest attempt to agree a common negotiating position for the next round of talks with Spain and Portugal on membership of the Community, after failing to resolve their differences on fishing.

They also suspended their efforts to find a solution to their immediate Ecu 2bn ($1.34bn) budget deficit in the current year, to the financing of Britain's promised Ecu 1bn reduction in budget contributions in 1985, and on how to draw up a package of spending plans for the Mediterranean regions.

The abortive talks ended early last night after several senior ministers, including Britain's Sir Geoffrey Howe, Herr Hans-Dietrich Genscher of West Germany and M Roland Dumas of France, were prevented from attending the extraordinary meeting by the belt of fog across Northern and Central Europe.

The failure to make significant progress means that all the issues will have to be finalised at the planned marathon four-day meeting of tha ministers from March 17 to March 20, when negotiations with Spain and Portugal are also supposed to be concloded.

There was some hope, however, that the compromise agreement on budget finance reached in Paris by President François Mitterrand and Chancellor Helmut Kohl would provide the basis of a settlement of that problem when talks resume.

There remains an important British objection to any deal which would tie the financing of its reduced budget payments to ratification of the accession treaty for Spain and Portugal. Such a deal, as presented by West Germany at the meeting, could mean that no money would be available until 1986, if the enlargement talks drag on beyond the end of March.

The discussions on the terms of the enlargement were suspended by Sig Giulio Andreotti, the Italian Foreign Minister and current president of tha EEC Council of Ministers after it became clear that a new effort at compromise was still unacceptable to the major fishing nations.

Sig Giulio Andreotti, the Italian foreign minister and current president of the EEC Council of Ministers, suspended the discussions after it became clear that a new effort at compromise was still unacceptable for the major fishing nations.

The latest Italian proposal seeks to fix a two-stage entry period for the Spanish boats, with very tight restrictions during an initial 8 to 10-year phase, followed by progressive relaxation until the year 2002, the end of the existing Common Fisberies Policy.

The deal, however, still appears too generous for the five principal fishing nations – Britain, Denmark, France, Ireland and West Germany – to accept. They remain committed to a plan agreed last December, for a 10 year period of near total exclusion, open to renegotiation after eight years, but providing for an extension to a full 15 years if those negotiations fail.

The issue is a crucial one for the Spanish Government, which has rejected a 10-year transition as completely unacceptable. It maintains that EEC fears over the likely effect of the Spanish fleet on their own fishing industries, are exaggerated.

ICI breaks £1bn profits barrier after petrochemicals turnround

BY TONY JACKSON, CHEMICALS CORRESPONDENT, IN LONDON

ICI yesterday became the first non-oil company in the UK to report profits in excess of £1bn. The chemicals giant reported pre-tax profits for 1984 of £1.034bn ($1.11bn), an increase of two-thirds on the year before.

Mr John Harvey-Jones, ICI's chairman, said: "These are the third set of figures on which I have reported as chairman. The first I described as lousy, the second as improving. These figures are rewarding – they are evidence that we are one of the world's most successful and profitable chemical companies."

The tone at yesterday's London press conference to unveil ICI's detailed results was suitably celebratory. With a touch of novelty, the proceedings were beamed by satellite to French journalists in the Eiffel Tower and to a West German audience in ICI's Frankfurt offices.

The results' announcement brought an immediate rise in the ICI share price, which rose 18p to 874p. The mood was not shared in Wall Street, however, and American selling when the market opened there hit London sentiment. The shares closed in London at 835p, down 21p.

By far the biggest contribution to the profit increase came from the once-troubled petrochemicals and plastics business. The division swung from a £7m loss in 1983 to a profit of £138m – a turnround of more than £250m over the past two years.

The net dividend – which ICI cut in 1980 – has been raised by a quarter to 30p, though that is still short of the 1979 figure in real terms, however. "It wouldn't be right to push it up that far just yet," Mr Harvey-Jones said. "We bave to move in line with profits and our cautious expectations on the future."

Mr Harvey-Jones underlined the note of caution on the current year. "We're modestly pleased with the first quarter so far." We'll all be disappointed if we don't do better in the full year, but a lot depends on the behaviour of the dollar." Exchange rates, he said, had helped profits by about £100m in 1984.

Mr Harvey-Jones said ICI shares were still 25 per cent undervalued against the rest of the market. "I don't know why. Maybe the rest of the market's doing so much better than us."

Although ICI is the first non-oil company to report profits of more than £1bn, it is not likely to be long alone in doing so. BAT, the tobacco and financial services group, reports in a month's time, with its figures swollen by the takeover of Eagle Star insurance group. Analyst are confident that it will report profits of about £1.25bn.

Details, Page 28; See Lex

SKF profit surges in stronger markets

BY DAVID BROWN IN STOCKHOLM

SKF, the Swedish roller-bearing and engineering group, yesterday unveiled a profits surge for 1984 when it benefited from restructuring and stronger markets.

The group lifted pre-tax profits to SKr 1.32bn ($140.4m), compared with SKr 379m the previous year, while income went ahead by 10.4 per cent to SKr 18.03bn. Operating results after depreciation were up by 55 per cent to SKr 1.44bn.

The board has applied for government permission to increase the dividend on its A and B shares by SKr 1.50 to SKr 8.50.

Mr Lennart Johansson, managing director, who has announced that be is retiring, predicted that profits would improve this year.

He added that a slowdown in the American market, which accounts for 23 per cent of turnover, should be compensated by an upturn in Europe which generates some 60 per cent of sales.

Profits in the ball and roller-bearing division, which generates the bulk of group sales and profits, jumped by SKr 516m to SKr 1bn. European sales continued to improve, while sales overall rose at nearly donble the 5 per cent growth for the world market, although prices remained relatively weak.

The steel side staged a turnround. On sales up by 23 per cent to SKr 2.95bn, the division produced a profit of SKr 83m, against a SKr 20m loss.

The cutting tools division also recorded a profits rise, and there were improved results from the group's other product ranges.

Mr Johansson, 64, is to become chairman of the Federation of Swedish Industry next month. His successor is Mr Mauritz Sahlin, currently deputy director, who bas beaded the group's European bearing operations since 1978.

Hilton denied licence

BY WILLIAM HALL IN NEW YORK

HILTON HOTELS, the international hotel chain whicb owns New York's Waldorf-Astoria, has been denied permission to open a $300m hotel and casino complex which has already been built in Atlantic City, New Jersey.

The decision is a serious blow for Hilton, one of the world's prestige hotel groups. It comes only two days after Resorts International, another hotel and casino group, had its Atlantic City licence renewed despite strong opposition from New Jersey's attorney general and the director of the state's division of gaming enforcement.

On Wall Street Hilton shares fell sharply following the decision, to close $2¾ down at $59½.

The New Jersey Casino Control Commission said Hilton was "unsuitable" to receive a licence to operate the casino complex – scheduled to open in May – citing alleged links with organised crime.

Mr Barron Hilton, the group's chairman, said it would appeal against the decision and was confident "that the overwhelming evidence in support of licensing of the Hilton organisation will ultimately prevail." The company had co-operated in every respect, be added.

Hilton already operates three casinos in Nevada, the traditional home of the U.S. gambling industry, and gaming generates around two fifths of its profits.

The new Atlantic City Hilton was designed to be the cornerstone of a major expansion of Hilton's gambling operations, and its turnover was expected quickly to equal that of the company's casinos in Las Vegas and Reno.

UK closes loophole

Continued from Page 1

in recent years to a current annual figure of about £300m ($325m).

The tax loophole is to be closed by calculating the accrued interest earned on holding a bond to its sale date and subjecting that accrued interest to income tax. Accrued interest will be calculated on the same basis as is done at present by the London Stock Exchange for short-dated gilts.

The announcement came only 19 days before the next British budget. The new rules will be incorporated into the Finance Bill to be proposed at that time but will be retroactive. With tha Conservative Government's overwhelming majority in the House of Commons it is extremely unlikely that this legislation will not be passed.

Government officials have made it clear, meanwhile, that the budget will contain no substantial reforms either in the taxation of pensions or in capital gains tax, both of which would have bad a further major impact on the stock market.

Brokers doubted yesterday whether the move would raise the £300m in lost income tax suggested by the Inland Revenue, since they expect it to trigger a shift in preference towards gilts which offer a high proportion of capital gains.

A greater proportion of new issues are expected to be low rather than high-coupon stocks, while the measure will boost significantly the relative attraction of index-linked gilts, the brokers said.

Several brokers reported that they expected the ruling to reduce turnover in the market severely, since the attraction of bolding particular stocks for short periods would be significantly reduced.

World Weather

		°C	°F
Ajaccio	C	13	55
Akrotiri	C	11	52
Algiers	S	17	63
Amsterdam	C	3	37
Athens	C	9	48
Bahrain	S	17	63
Bangkok	S	35	95
Barcelona	F	13	55
Beirut	F	12	54
Belgrade	S	2	36
Berlin	S	1	34
Biarritz	S	15	59
Blackpool	C	8	46
Bordeaux	S	13	55
Brussels	Fg	2	36
Budapest	Fg	-6	21
B. Aires	F	29	84
Cairo	C	18	64
Cape Town	S	23	73
Caracas	C	27	81
Casablanca	S	21	70
Copenhagen	C	1	34
Corfu	F	13	55
Dublin	S	9	48
Dubrovnik	C	11	52
Faro	F	17	63
Florence	R	10	50
Frankfurt	S	7	45
Funchal	C	17	63
Geneva	C	5	41
Gibraltar	C	15	59
Guernsey	S	9	48
Helsinki	Sn	-1	30
H. Kong	C	19	66
Innsbruck	S	6	43
Inverness	S	5	41
Istanbul	S	0	32
Jersey	S	10	50
Jo'burg	S	25	77
Las Palmas	S	22	72
Lima	S	27	81
Lisbon	S	15	59
Locarno	S	6	43
London	Fg	6	43
Los Angeles	F	21	70
Luxembourg	S	7	45
Madrid	C	15	59
Majorca	S	16	61
Malaga	—	—	—
Malta	F	17	63
Manila	S	35	95
Miami	C	25	77
Milan	D	7	45
Moscow	S	-3	27
Munich	C	2	36
Nairobi	F	26	79
Naples	R	13	55
New Delhi	S	28	82
New York	F	13	55
Nice	F	13	55
Oporto	R	13	55
Oslo	C	1	34
Paris	Fg	-6	21
Prague	C	0	32
Reykjavik	S	9	48
Rio de J'o	C	34	93
Rome	F	14	57
Salzburg	C	3	37
Seoul	S	15	59
Singapore	F	29	84
Stockholm	C	0	32
Strasbourg	C	6	43
Sydney	S	28	82
Taipei	R	21	70
Tangier	S	20	68
Tehran	—	—	—
Tel Aviv	C	13	55
Tenerife	—	—	—
Tokyo	R	3	37
Toronto	C	0	32
Tunis	S	17	63
Valencia	S	16	61
Venice	C	6	43
Vienna	C	-1	30
Warsaw	S	-2	28
Zurich	C	7	45

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Arosa (Sw.)	80–120 cm	Worn patches nn some slopes
Avoriaz (Fr.)	140–180 cm	Slush in afternoons
Davos (Sw.)	30–160 cm	Good snow on upper pistes
Gstaad (Sw.)	35– 70 cm	Slush on lower slopes
Igls (Au.)	5– 50 cm	Soft snow on most runs
Isola (Fr.)	90–145 cm	Conditions improving, crowded
Kitzbühel (Au.)	8– 64 cm	More snnw hadly needed
La Plagne (Fr.)	95–200 cm	New snow on hard base
Mürren (Sw.)	50–190 cm	Good skiing above 2000 m
St. Anton (Au.)	25–240 cm	More snow needed
St. Moritz (Sw.)	50– 80 cm	More snow needed
Verbier (Sw.)	85–195 cm	Good piste skiing
Zermatt (Sw.)	30–100 cm	Fresh snow above 2000 m

European reports from Ski Club nf Grent Britain representntives.

THE U.S.

Aspen (Col.)	40– 53 ins.	Packed powder; 100% runs open
Stowe (Ver.)	30– 40 ins.	Powder, 31% runs open

Bull cuts loss and hopes for break-even this year

By David Marsh in Paris

BULL, the state-owned French computer group, hopes to break even this year after cutting its net loss to FFr 489m ($47.8m) last year from FFr 625m in 1983, M Jacques Stern, the chairman, said yesterday.

He said the company was recovering faster than originally planned from its previous years of losses and low investment. This was a result of sharp productivity increases, continuing capital injections from its state shareholder and widespread renewal of its product line, especially in professional data processing systems and office communications networks, over the last two years.

The company, which lost FFr 1.35bn in 1982, expects to be in profit in 1986.

M Francis Lorentz, the managing director, said last year's recovery was more marked than apparent from the raw figures as the 1983 loss, not including special items (principally incoma from the sale of its previous stake in Olivetti) was FFr 900m.

Consolidated turnover last year rose 18.8 per cent to FFr 13.6bn, with sales rising faster in France than abroad because of above-average growth of the domestic market. Foreign sales made up 36.6 per cent of last year's turnover against 37.5 per cent in 1983.

M Lorentz said thet in cash flow terms the group improved results by FFr 1.1bn between 1982 and 1984, turning in a positive performance of FFr 573m last year against a negative FFr 530m in 1982.

This year's turnover is expected to rise 17 per cent. Bull kept up a heavy investment effort last year, boosting spending on its industrial and commercial network by 74 per cent to FFr 1.1bn. Research spending rose 8 per cent to FFr 1.4bn.

Investment this year will total FFr 1.45bn and research spending FFr 1.55bn.

M Lorentz said aid from the state – totalling FFr 1bn last year – was necessary to maintain heavy investment at the same time as a strong sales growth rate "in order not to compromise our long-term future."

This year, the Government is to provide another FFr 1bn in capital to continue restructuring Bull's balance sheet. Growth was financed last year without recourse to extra horrowing, and financial charges as a proportion of turnover fell to 5 per cent from 8 per cent in 1982. The ratio is expected to drop to 4 per cent this year.

The company's own capital resources totalled FFr 1.2bn at end 1984 against a negative figure of FFr 47m in 1982.

Last year's net loss was struck after the company made provisions of FFr 65m for its small stake in Trilogy, the troubled Californian supercomputer company.

Bull stressed yesterday it would be continuing its new policy of international collaboration – both over products and over harmonisation of standards.

M Stern has been one of the main architects of European efforts to agree joint computer standards as part of a bid to combat the dominance of IBM. He made clear Bull's continuing scepticism about sweeping international alliances with companies in the telecommunications field but promised that Bull and other European companies would show they were capable of "audacious" partnerships in 1985.

Boehringer buys stake in Genentech

By Our Financial Staff

BOEHRINGER INGELHEIM International of West Germany has paid $40m for a 4.9 per cent stake in Genentech, the U.S. biotechnology group. The privately-owned German pharmaceutical company bought 750,000 shares in a private placement at $53.41 a share.

Boehringer Ingelheim has been working with Genentech for several years on various projects.

Negotiations about closer co-operation on cancer therapy were about to be completed, the German company said yesterday. This would involve acquisition of a licence from Genentech for new substances. Genentech has synthesised tumour necrosis factors and is studying their use as anti-cancer agents.

Boehringer Ingelheim has an extensive marketing network outside West Germany. Its world-wide sales revenue is understood to have reached about DM 4.2bn ($1.25bn) last year, against DM 3.83bn in 1983.

Most of its revenue comes from pharmaceuticals, with major sales in the U.S., West Germany and Japan.

THE LEX COLUMN

Time to bring in the washing

So far as the gilt-edged market is concerned, the budget must seem rather small beer compared with the annual surprise raid from the Inland Revenue, which brokers nowadays keep pencilled into their diaries for the last week in February.

In 1984 the damage was confined to the rather special case of tax-free gilt trading by the building societies. This time the Revenue bas gone straight for some of the market's most profitable husiness – the traditional bond-washing trade which allows gross funds to receive dividends while net funds enjoy the same coupon as capital gains.

As a form of transaction which depends solely on a peculiarity of the tax system, bond-washing was a natural target for the Revenue, to say nothing of a Chancellor with ambitions to reform the fiscal system. To tax the semi-annual interest on the basis of a daily accrual is a logical way to end a hoary abuse, for the tax treatment does nothing more than mirror the way that the longer-dated stocks are priced by the market – inclusive of interest for the number of days elapsed since the last dividend.

It may be asking a bit much for the new tax scheme to save the Exchequer anything like the £300m currently wasbed out of its grasp, but it may still cut deep into the profitability of gilt-jobbers and brokers.

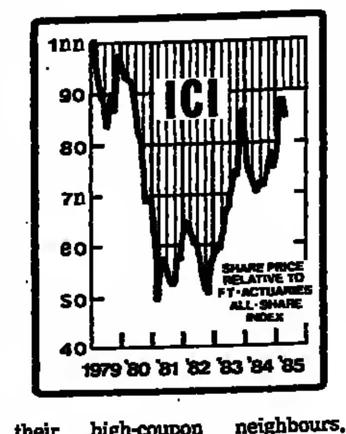
On a large but typical transaction – between £50m and £100m – it has been quite possible for a life company to save £1.5m of tax, while the jobber takes out as much as £300,000, and the broker's commission comes to a mere £20,000.

It is impossible to estimate precisely how much of the market's turnover is created by tax avoidance, although some large brokers admit that it could be georerating as much as a quarter of their gilt-edged commission income – a very profitable fraction of the business.

Houses with a heavy dependence on gilt-edged may be uncomfortably exposed by the loss of the dividend-ducking business. It is not much consolation that commissions in the new market were going to be very thin in any case.

Those who are planning to act as market makers will worry, moreover, at losing the twice-yearly spells of liquidity wbich this tax-dodging bas given to the less active stocks in the market.

First thoughts on the changed attraction of different stocks are notoriously unrealiable. Low coupon stocks are more attractive than their bigh-coupon neighbours, though perhaps not by as much as yesterday's prices might suggest. Index linked, the only genuine low coupon longs, will retain much of the 2-point premium which opened up yesterday, however.



ICI

ICI's billion pound profit had become part of City of London folklore even before the end of the company's financial year, so yesterday'a muted response to profits of £1bn pre-tax was only to be expected. The market did raise a cheer in the morning but soon quietened down when Wall Street started selling and the shares finished the day 21p lower at 835p.

The share price movement was puzzling. Fourth quarter profits were well up to expectations at £254m – 46 per cent ahead of the previous year – and the group is by no means despondent about the current year. This was, after all, a marvellous set of results.

It is worth recalling that two years ago the City was almost unanimous in expecting 1984 profits of between £600m and £650m. For such a large company to beat those forecasts by such a wide margin is no mean achievement, even allowing for its alliance with the foreign exchange markets.

Last year currency movements might have added £70m to profits via ICI's balance of trade and another £30m through the translation of overseas earnings. Volume gains sveraging 8 per cent across the chemical operations have provided an exceptional boost to the cyclical businesses – petrochemicals and plastics have turned from losses to profits of £138m in a year – and the strong profits from oil largely reflect circumstances beyond ICI's control.

While ICI has enjoyed its fair share of luck, however, the management has done an exceptional job of reducing break-even levels in the commodity areas, directing resources towards the growth activities and conserving cash.

Last year ICI produced a return on capital employed of 18.9 per cent compared with 13.7 per cent the year before.

This year the growth in profits will be nothing like so uniform and a forecast of £1.15bn pre-tax must be tentative at this stage.

While a prospective p/e of 7.7 might take due account of flattish earnings in 1985 and 1986, the 5.2 per cent yield scarcely does justice to a company wbich covered its dividend more than twice on a CCA reckoning last year and is generating net cash from its operations at the rate of around £1m a day.

Fisons

Fisons has been issuing equity with enthusiasm of late but even yesterday's one-for-five rights issue – the second in two years – could not sour the market for a sparkling set of 1984 results. No further evidence was needed that the group can sustain growth independent of acquisition and control its tax payments; and it took little time to surmise that the rights issue will imply no dilntion in earnings this year. Thanks to some quite aggressive buying, the share price recouped all that it had lost in a week of rumour, closing 18p up at 300p.

With Fison's borrowings net of casb equivalent to only a third of their equity, shareholders might have been spared the call; but they have every reason to trust in their management's skill at acquisition and the depressed state of the U.S. hospital equipment market has turned up some tempting targets. The same is not true of the U.S. pharmaceuticals market, but Fison's three main allergy drugs are well established there and growth of at least 15 per cent this year is assured. As for the horticulture division, which all but doubled profits last year, Fisons can clearly do more to peat than simply put it in bags.

If this year is fairly predictable, implying profits of up to £70m and taxable at 24 per cent, a longer view requires judgments whether two new allergy drugs being tested will work and whether the cardiovascular treatment can gain market share. Having burned its fingers when proxichromil had to be dropped at the last moment, Fisons is keeping mum; while the share rating, at 13 times 1985 earnings, also suggests caution.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday March 1 1985

PRIVATE INVESTORS MAIN TARGET IN 'DIVIDEND SWITCHING' CLAMPDOWN

UK announces new tax plan for gilts and bonds

BY BARRY RILEY AND CLIVE WOLMAN IN LONDON

BRITAIN'S Inland Revenue yesterday announced plans to tax the accrued income on government gilt-edged securities and other bonds which it hopes will mark the end of a 58-year legal battle against "bond-washing."

The technique of bond-washing, or "dividend stripping" as it is more commonly called by its practitioners, is aimed at avoiding the payment of income tax on bond-holders' dividends. This is achieved by converting income into capital gains.

Private investors and insurance companies are the main targets of the UK Chancellor'a action in clamping down on tax switching in gilt-edged and other types of interest-bearing securities.

There could, however, also be a big impact on the markets themselves. Many market practitioners were apprehensive yesterday that turnover could be quite sharply affected, although the burden will not fall evenly and some sectors such as low coupon and index-linked gilts could see higher activity.

Traditionally, the big life assurance companies bave been the major operators in the tax switching market, which revolves around dividend payment dates. For medium and long-dated gilts the London Stock Exchange makes available a special dealing facility in which the bonds can be traded either cum or ex dividend during a three-week period up to the dividend date.

This means that an investor has been able to buy special ex, and hold for a year and a day (at which point capital gains become tax-free) before selling cum dividend. This procedure means that the investor will have received only a single half-yearly dividend effectively converted into n tax-free capital gain.

Private investors normally concentrate on shorts – with less than five years to redemption – where the capital risk is lower. In the absence of a "special ex" facility in shorts, they hold for 18 months rather than n year, taking in two dividends.

Alternatively investors may operate in the local authority bond market, where by selling cum dividend on the last day before maturity they turn income into capital gains, which are taxed at n much lower rate for wealthy individuals.

This kind of activity has increased since the Government 18 months ago blocked access to the offshore "roll-up" funds which were specifically marketed onshore for their tax benefits.

Private investors are now expected to turn in greater numbers to low coupon gilt-edged, and to index-linked gilts which jumped in price yesterday morning.

Leading insurance companies were arguing yesterday that the benefits of tax-based switching bave in any case been declining in recent years because of the growth of their pensions business. Income received by pure life funds is taxable at 37½ per cent, but pensions business is tax free, and in practice funds bear n composite tax charge which might only be, say, 20 per cent.

Pension funds themselves bave been a rapidly growing factor in the gilt-edged market, and on the face of it they are unaffected by yesterday's ruling. Nevertheless some fund managers expressed anxiety that returns would in practice be slightly depressed because there would no longer be the opportunity to buy "cheap" dividends from net funds who wished to avoid receiving them.

These benefits were described by n Scottish life assurance man as being useful, but not really substantial in scale. They have been enjoyed by the pension funds at the long end of the market, and probably by the discount bouses at the short end.

Elsewhere the tax changes will have important effects on the gilt-edged unit trusts, n small but highly visible sector of the gilt-edged investment community.

The unit trusts were warned in 1983 by the Inland Revenue about excessive trading activity and since then they have operated somewhat uneasily on the basis of unwritten understandings with the tax men.

The threat has been that a unit trust which overtrades will be taxed as a trader – as banks and building societies already are – and will therefore be liable to corporation tax on both income and capital gains.

Nevertheless, some gilt-edged unit trusts aim nt capital growth rather than income, and those following this policy will now pay more tax. It is likely that income on these trusts will rise and capital growth will be reduced. Indeed, it is possible that the growth funds will be driven offshore.

For the stock market practitioners, both brokers and jobbers, the latest Inland Revenue move adds an extra level of uncertainty to prospects which are already dominated by the total restructuring of the gilt-edged market set to be brought in by the Bank of England some time late next year.

The fear is that the liquidity of the market will be reduced under the new tax regime, at n time when many new market-makers will be scrambling for a share of the business.

It was being pointed out yesterday, however, that some tax-based trading would continue on the basis of the exemption from capital gains tax after a year.

The optimistic view was that the market might move over to a much more active U.S. style of trading. On this argument tax-based switching would be replaced by a much greater readiness on the part of investors to take short-term views about interest rates and other market-sensitive factors and deal accordingly.

On gilts, local authority bonds end most other corporate bonds, the value of the dividend is known six months before the payment is due, so the price of the bond rises gradually in anticipation of the payment, and falls sharply when payment day arrives, typically once every six months.

To avoid income tax, the investor sells his bond just a day or two before the dividend payment date. The inflated prire of the bond at that date will normally give him n capital gain on his bolding, but bonds beld for more than one year are exempt from capital gains tax (CGT). Even those sold after less than a year will often escape CGT, thanks to the many offsets and exemptions permitted.

For the device to be effective, just before the dividends are due buyers must be available who are exempt from paying income tax.

The Government made its first legislative attempt to crack down on this form of tax avoidance in 1927, and there have been attempts of growing complexity every few years since then to make the enti-avoidance provisions more effective – but with scant success. In 1980 a court ruled that several of the provisions did not npply to basic rate taxpayers.

Under the new tax rules, which will be fully operational only by February 28 of next year, the interest on bonds will be treated as accruing on a day-to-day basis between the dividend payment dates. The seller of a bond will be liable for income tax on the interest which is deemed to bave accrued by the date of sale. The purchaser will be allowed to offset the same amount against his next dividend.

The new rules will apply to all forms of fixed and variable rate interest stocks, whether UK or foreign, but not to Treasury or local authority bills.

Seagram to sell oil and gas subsidiary

By Our Toronto Correspondent

SEAGRAM, the Canadian-based liquor group, is to sell its Canadian oil and gas subsidiary Texas Pacific Oil Canada as well as other Canadian energy interests to Westcoast Transmission of Vancouver, a leading western Canadian gas pipeline operator.

The purchase price is C$121.5m ($87.85m). The sale is conditional on approval by the boards of both companies and the conclusion of a definitive agreement.

Seagram disposed of its U.S. oil and gas properties in 1980. It subsequently bought n 27 per cent stake in the U.S. oil company Conoco but exchanged this interest in 1981 for a 20 per cent holding in the U.S. chemicals group Du Pont.

Seagram's Canadian oil and gas properties include 210,000 acres of producing and exploratory lands in Alberta and British Columbia. Current daily production is 2,400 barrels of oil and 10.8m cubic feet of natural gas.

J.P. Stevens boosts profits in first quarter

By Our Financial Staff

J.P. STEVENS, the major U.S. textiles group, boosted first-quarter net profits from $3.8m, or 21 cents a share, to $11.9m, or 68 cents. The rise came from a $16.4m sale of a subsidiary.

Excluding the gain and a $4.7m charge for the closure of two textile plants and other restructuring costs, first-quarter income was at about break-even, while sales fell from $520.7m to $440.5m.

The company said it continued to experience mixed results, with some businesses doing reasonably well and others poorly.

The apparel fabrics divisions were most directly affected by the recent surge in textile imports, which were up 32 per cent in 1984. This caused "painful reductions in capacity, lost jobs, and reduced paychecks in the industry" and led to the first-quarter charge.

Gotaas-Larsen surges ahead

By Our Financial Staff

GOTAAS-Larsen, the Bermuda-based shipping concern, boosted 1984 net profits to $22.1m, or $2.02 a share, from $3.4m, or 31 cents, in 1983, with careful cost controls offsetting poor market conditions.

In the fourth quarter, net earnings rose from $2.7m, or 25 cents, to $4.1m, or 37 cents. Revenues slipped from $40.9m to $39.8m but rose for the year from $153.7m to $171.9m.

Canadian bank back in black

By Our Toronto Correspondent

BANK of British Columbia returned to profitability in the first quarter of fiscal 1985, with net earnings of C$1.3m ($930,000), or 2 cents a share, in the three months to January 31. In the year to October 31 1984 the group reported a loss of almost C$7m.

Mr. Edgar Kaiser, who was appointed chairman last September as part of efforts to revitalise the bank, ascribed the improvement to the recent restructuring of the Vancouver-based bank's finances. These included private and public share issues, which bave increased Bank of BC's share capital by C$80m.

Assets totalled C$3bn, which are almost unchanged from the previous year. Both deposits and advances fell slightly.

Bank of BC'a recent problems stemmed largely from its heavy exposure to the depressed western Canadian real estate market.

● National Bank of Canada lifted net earnings to C$39.8m, or 93 cents a share, in the three months to January 31, from C$26.6m, or 75 cents, a year earlier.

The bank, at present a favourite among Toronto banking analysts, has raised its dividend from 20 to 23 cents. Assets rose by 15 per cent in the past year to C$19.8bn on January 31.

Mobil holds up vetting of Canadian purchase

BY BERNARD SIMON IN TORONTO

MOBIL appears to be challenging the Canadian Government's policy towards foreign investors by declining to submit a recent acquisition of Canadian assets for official approval.

An official of the Foreign Investment Review Agency (Fira), which screens all new foreign investments in Canada, said that Mobil had not yet submitted an application for clearance of its purchase of Canadian Superior Oil, a subsidiary of Superior Oil of the U.S. which Mobil acquired almost a year ago.

Under Canadian law, the screening process is mandatory not only for direct foreign takeovers of local companies but also for transfer of control from one foreign investor to another.

The law does not stipulate any time limit for the submission of investment proposals. The Fira official said: "If we haven't heard from Mobil in three or four months, we might start pushing them."

A Mobil official in New York said: "We're having talks with Fira nt the present time." He declined to elaborate.

The Canadian energy ministry also refused to comment on the issue, which comes at a time when the new progressive Conservative Government in Ottawa is anxious to attract foreign investment, especially in the energy sector.

The Government has submitted proposals to parliament for a new foreign investment law relaxing the vetting process. But even under the new law, Ottawa's approval will be required for indirect acquisitions involving assets of more than C$50m ($36m), well below Canadian Superior's assets. The company's interests include an indirect controlling stake in Falconbridge, the large nickel producer.

Mobil appears to be concerned that the Canadian Government will make its approval of the Superior acquisition dependent on conditions similar to those laid down for two other recent acquisitions in the oil industry involving the U.S. companies Texaco and Chevron.

Texaco was allowed to take over Getty Oil's Canadian interests in return for reducing its stake in Texaco Canada from 90 per cent to a maximum of about 80 per cent. Texaco also committed itself to a capital and exploration budget in Canada of at least C$1.7bn over the next four years.

Chevron has agreed to raise its equity interest in its local Canadian operations by at least 20 per cent by the end of 1989 in exchange for government approval of its purchase of Gulf Canada, the Canadian subsidiary of Gulf Corp of the U.S.

Mobil's Canadian subsidiary, Mobil Oil Canada, is the only integrated oil company in the country, which is wholly owned by a foreign shareholder.

The conditions set by the authorities in the Texaco and Chevron cases have surprised some oil industry leaders, after the Conservative Government's commitment to reversing measures which discriminate against foreign energy companies.

Mr Donald McIvor, chairman of Imperial Oil, Exxon's Canadian subsidiary and the largest integrated oil company in Canada, said: "Nationalism is a long-term phenomenon in this country. It is never very deep below the surface."

Fira, whose name will be changed to Investment Canada once the new foreign investment law is passed, has not rejected any foreign investment proposals since the Conservatives took office last September.

Datapoint files anti-trust suits against Edelman

BY OUR FINANCIAL STAFF

DATAPOINT, the Texas computer company, has filed suits in U.S. district and state courts alleging violation of federal anti-trust law by Mr Asher B. Edelman, the New York arbitrageur who is seeking to replace the company's board.

The lawsuit, filed in San Antonio against Mr Edelman, a group of partnerships he controls and certain other individuals, claims that by replacing the board they would be creating interlocking directorships with two other companies, Mohawk Data Sciences and Management Assistance.

Datapoint said both companies compete directly with it in the computer equipment market within the context of the Clayton Act.

Mr Edelman is liquidating both groups, after taking control of them last year, and has promised to do the same if he wins control of Datapoint. He is a director of both companies, and four of his nominees to the Datapoint board are also members of the Management Assistance board.

Earlier this week Datapoint announced a net loss of $15.8m, or 79 cents a share, for the second quarter, compared with profits of $9.3m, or 45 cents, a year earlier.

Penney earnings drop 17% in quarter

By William Hall in New York

J. C. PENNEY, the third biggest U.S. retailer, yesterday reported a 17 per cent drop in its fourth quarter net income to $216m. The group's disappointing performance is a further sign that the Christmas holiday season in the U.S. did not live up to expectations for retailers.

J. C. Penney says that the fourth quarter, which normally accounts for over a third of its annual sales, was hit by the need to take heavy markdowns when the anticipated surge in seasonal demand did not materialise.

It says that the effect throughout the retailing industry was a build-up of inventories and extreme competitive pressures, which accelerated markdown and promotional activity. The company's inventories at year-end were 10 per cent above plan but are targeted to be back in line by the end of the first quarter.

For the full year to January 26 1985, J. C. Penney's net income fell 6.9 per cent to $435m, or $5.81 n share. Sales for the full year rose 11.4 per cent to $13.5bn.

Brazil's leading pulp producer privatised

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE PRIVATISATION of Aracruz Celulose, one of the most successful state-controlled Brazilian companies and the country's leading pulp producer, was due to be completed yesterday.

An association of two leading private entrepreneurs, Erling Lorentzen and Carl Fischer, is buying a controlling holding in the pulp producer through the purchase, for $90m, of shares held by BNDES, the Brazilian state development bank.

Souza Cruz, the giant Brazilian subsidiary of BAT industries of the UK, will continue to hold n 25.5 per cent voting holding, remaining as the second largest shareholder in what has been a highly-profitable enterprise.

The company disclosed yesterday that profits in 1984, after taxation and accounting for inflation, came to Cr 208.7bn ($66m), of which 31 per cent will be distributed in the form of dividends.

Souza Cruz, which holds a near monopoly position in the Brazilian cigarette market and is diversifying rapidly into other agro-industrial areas, is understood to have been interested in increasing its holding in Aracruz Celulose, but a clause in the original shareholders agreement prevented control passing into the hands of a foreign-owned company.

The selling of Aracruz Celulose is the most important result to date of the outgoing Figueiredo Government's struggling state company privatisation programme. As the programme was launched at a time of generally low corporate profits – resulting from the recent severe domestic recession – few of the state run manufacturing companies on offer attracted serious bidders.

The pulp and paper sector has, however, been exceptionally strong in recent years, largely because of thriving exports. Export earnings last year were $775m, half as much again as in 1983. This performance is not likely to be repeated in 1985

INTL. COMPANIES & FINANCE

Asko takes 27% stake in U.S. supermarket chain

BY JOHN DAVIES IN FRANKFURT

ASKO, the West German retailer, has taken a stake in a West German-owned supermarket and stores concern in the U.S., as part of its strategy of vigorous expansion.

Asko, which last year made a public share offer and moved from the second-tier to official trading on the bourse, has taken a 27 per cent interest in Supermarket Development Corporation (SDC).

The U.S. company was set up in 1979 as a vehicle for the Leibbrand family of West Germany to take over the Furr's retail group, which operates in Texas and New Mexico.

Furr's has been revamped from a loss-maker into a profitable chain of more than 90 supermarkets and discount stores with total sales revenue of $740m last year. The group is aiming at sales of $850m this year and more than $1bn next year.

Asko's stake resulted largely from a capital increase, but it has an optioo to acquire a further 8 per cent. The Leibbrand family interest in the U.S. operation now amounts to 61.3 per cent and other shareholders, including management executives, hold about 11.7 per cent.

Dr Helmut Wagner, Asko's chief executive, has indicated that he is keen to expand rapidly the operations in the U.S. as a joint venture with the Leibbrand family.

The Asko group, which has its headquarters in Saarbrücken, runs chains of general, clothing and do-it-yourself stores

UBS in SwFr 560m funding

BY ANTHONY McDERMOTT IN ZURICH

IMPROVED PROFITS and dividends together with a SwFr 560m ($198m) financing operation were unveiled yesterday by Unioo Bank of Switzerland, one of the big three Swiss commercial banks.

The bank, which late last year disclosed plans to take a major stake in London stockbroker Phillips and Drew, is to raise more than SwFr 400m via a one-for-12 rights issue.

The total funding programme rises to SwFr 560m as a result of planned private placements.

The bank lodicated that net profits for 1984 had improved by 15 per ceot to SwFr 583m. It had earller forecast a good year for 1984. The dividend is going up to SwFr 115 per bearer share against the SwFr 110 paid for 1983.

The provision for risks, losses and depreciation rose to SwFr 534m. For 1983, provisions totalled SwFr 444m, up 15 per cent on the 1982 set-aside.

The improvement in profits was in part due to net interest earniogs, which increased by 14.7 per cent to SwFr 1.33bo. and net commissions, up 13.6 per cent to SwFr 108bn.

NMB raises earnings by 8%

By Laura Raun in Amsterdam

NMB, the third largest commercial baok in the Netherlands, lifted its earnings 8 per ceot to Fl 108.3m ($28.6m) in 1984, up from Fl 100.6m tha previous year.

Buoyaot financial markets helped raise commissions aod other income by 8 per cent to Fl 469.6m. although overall revenues rose by only 2 per ceot to Fl 1.86bn from Fl 1.82bn.

Interest iocome was virtually flat at Fl 1.39bn, as narrowing interest rate margins (the differeoce betwe enlending and borrowing fes) offset increased busioess volume.

NMB pared its loan loss provisions by 4 per cent to Fl 590m last year, from Fl 616.6m in 1983, which was a bigb water mark for a Dutch banks' general contiogency funds.

NMB, wbich is 22 per cent owned by the Dutch Government, historically has been more domestic oriented than Algemene Bank Nederland and Amsterdam-Rotterdam Bank, the two largest Dutch banks. In recent years, however, NMB has been expanding overseas, witb operations begun or expanded in Uruguay, Hong Kong aod Singapore last year.

The bank left its 1984 divideod uncbanged at Fl 8 a share. The balaoce sheet total grew by 8 par cent to Fl 68.3bn at the end of 1984.

Rationalisation at German Brown Boveri

By John Davies in Frankfurt

BROWN BOVERI of West Germany is pressiog abead with further cost-saviog and rationalisatioo measures to improve the international competitiveness of its electrical engineering operations.

The company, which is 56 per cent owned by the Swiss-based Brown Boveri concern, increased its pro8ts last year as a result of rationalisatioo efforts aod interest rate income, although it has not yet disclosed pro8t or dividend details.

It said yesterday that labour costs arising from union negotiations would be more of a burden this year but intense competition in world markets would again prevent higher costs being passed on entirely through price rises.

The Mannheim-based group's sales revenue declined 3 per cent to DM 4.82bn ($1.45m) last year.

The inflow of new orders was 4 per cent up at DM 5.38bn, with orders within West Germany rising as much as 12 per ceot.

Brown Boveri has been gaining ground again after a setback several years ago. Group net profit recovered sharply to DM 18.36m in 1983, after dropping to DM 7.36m in 1982.

The dividend was cut from DM 8 to DM 6 a share on its 1981 results and was maintained at this level for 1982 and 1983

Kronebanken chief spells out reasons for collapse

BY HILARY BARNES IN COPENHAGEN

THE SEEDS of the collapse of Kronebanken, Denmark's seventh largest commercial bank, were sown wheo the bank was created in 1983 by tha merger of two regiooal banks, Mr Ole Retoft, Kronebankeo's chairman, yesterday told a meeting of 5,000 shareholders who greeted the chairman's report io solemn silence.

One of the two banks, Frederiksborg Bank, had exceeded tbe legal limits for commitmeots to a single customer at the time of the merger, Mr Retoft said. It was these commitments — to a civil engineering company, Flexplan, and associated companies — which were the main cause of Kronebanken's collapse.

The chairman told shareholders that some of the commitments to Flexplan or its associates were oever authorisad by the board, that the authorised commitmeots were oot run down lo accordance with the board's instructions, and that the bank did not realise that some of the companies it was dealing with were associated with Flexplan.

Kronebanken's 1984 losses totalled DKr 1.3bn ($109m) exceeding its capital and reserves.

Neste in ethylene venture

BY OUR STOCKHOLM STAFF

NESTE, the Finoish state-owned oil, petrochemicals and shipping group, has announced plans to build a SKr 130m ($13.8m) ethylene terminal aod storage facility on the south-west coast of Sweden, together with Norsk Hydro, the Norwegian energy group, and the Swedish state-owned Beroi Kemi.

The move is aimed at securing an independent source of ethylene supply following the breakdown of negotiations between Esso (which curreotly owns Swedeo's 340,000 tonne capacity cracker), on the ooe hand and Neste's Uoifos subsidiary in Sweden together with Norsk Hydro (which had boped to buy the facility) on the other.

The move to construct a oew terminal should "speed Esso's decisioo oo whether or not to divest the cracker," says Mr Per Knut, the Unifos managing director.

In a related annouocemeot, Neste is negotiating the purchase of a 50 per cent stake io Beroxo, the Swedish state-owned producer of softening agents for PVC production and Oxo alcobols among other tbings, which buys some 70,000 tonnes of propylene from the Esso cracker each year. It had 1984 sales of SKr 520m, and a production capacity of 120,000 tonnes.

Norwegian plastics group holds payout

By Fay Gjester in Oslo

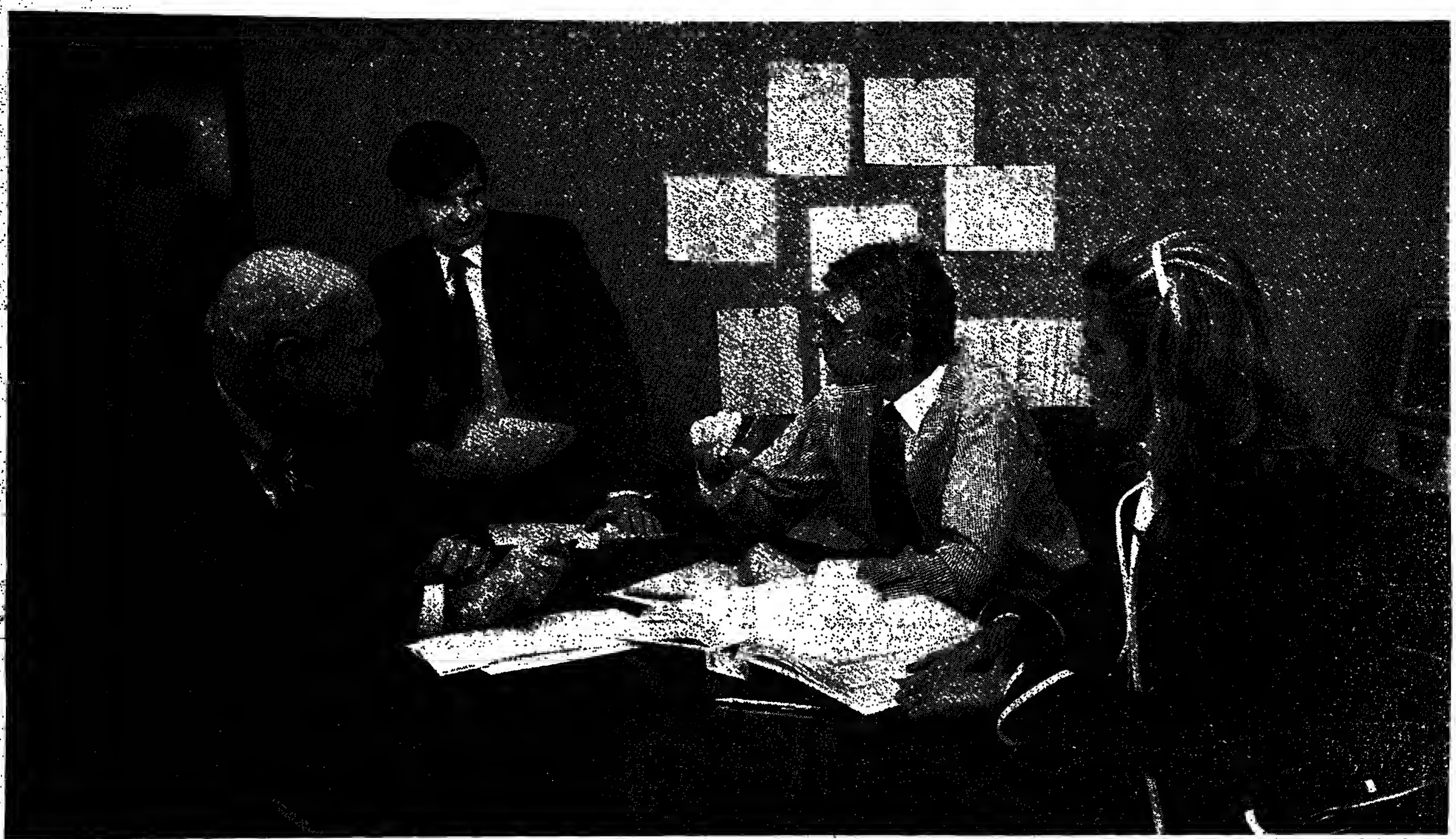
SECURUS INDUSTRIER, a Norwegian chemicals and plastics group, more than doubled turnover last year, to NKr 503m ($52.7m) chiefly because of acquistions during the year.

Profits at NKr 42.3m, before tax and end-year allocations, were abont 30 per cent up on the previous year, bnt soma NKr 4m below the forecast made last autumn. The dividend is unchanged at NKr 4.20 a sbare.

The group's important acquisitions last year were Teknisk Isolering, a Scandinavian firm making insulation for industry, offsbore and shipping, and Thermacon Industries of the U.S. The latter, now a wholly-owned subsidiary, specialises in the insulation of large storage tanks for hot or cold liquids.

هكذا من الأصل

Morgan Guaranty Ltd outranked all other U.S. firms in 1984 Eurobond volume



Discussing a client's needs in the international capital markets are four Morgan bankers. From left, Phelps Montgomery, Banking Division; Harry Roundell, head, Private Placement Advisory; Walter Gubert, head, and Erica Hickman, International Financial Management.

In 1984 the international capital markets continued to grow spectacularly. New-issue volume in the international bond market alone reached $108 billion—nearly double the size of the U.S. corporate bond market. This growth reflected a broad and growing range of financing opportunities for issuers in the international capital markets.

The Morgan Bank concentrates on helping issuers take advantage of these opportunities. Last year Morgan Guaranty Ltd, our Eurobond underwriting subsidiary, was lead or co-lead manager of the highest volume of Eurobonds underwritten by any U.S. firm for all issuers, in all currencies.

Significantly, these issues have been consistently well received by investors. This record of success will increase market demand for our clients' securities in the future.

Behind Morgan's strong performance is the uniquely comprehensive set of capabilities that we put to work for the long-term interests of our clients.

☐ **Innovativeness.** In a poll last fall by *Euromoney* magazine, participants in the world's capital markets voted Morgan the most innovative bank in both the international bond and syndicated loan markets.

☐ **International arbitrage.** As a major participant in the capital, credit, and local currency markets—as well as in worldwide foreign exchange, government bond, and bullion markets—we find many ways to exploit intermarket arbitrage opportunities for clients.

Eurobond rankings—1984
All issues, all currencies

Rank	Underwriter	No. of issues	Dollars in millions
1	Credit Suisse First Boston	78	$12,243.8
2	**Morgan Guaranty**	**33**	**5,965.2**
3	Morgan Stanley International	47	5,470.6
4	Salomon Brothers International	31	4,981.3
5	Deutsche Bank	49	4,736.8
6	Merrill Lynch International	26	4,165.9
7	Goldman Sachs International	24	2,493.3
8	Nomura	33	2,288.9
9	S.G. Warburg	23	1,836.5
10	Banque Nationale de Paris	10	1,756.2
11	Dresdner Bank	23	1,749.8
12	Banque Paribas	15	1,460.4
13	SBC International	15	1,373.6
14	Société Générale	12	1,333.4
15	Lehman Bros Kuhn Loeb Int'l	11	1,287.8
16	Orion Royal Bank	20	1,179.5
17	Daiwa Europe	22	1,170.3
18	Commerzbank	18	1,141.6
19	Nikko Securities (Europe)	17	1,079.0
20	Barclays Bank	2	950.0

Source: IFR Bond Database (*International Financing Review*)
Sole lead managers receive full amount of the issue; joint lead managers receive equal amounts.

☐ **Swaps.** Morgan is the only intermediary that can act with equal proficiency as either principal or agent in rate and currency swap transactions. Our strong capital position, reflected in Morgan's AAA/Aaa credit ratings, enhances our role as principal and can reduce client costs and risks in the swaps we arrange.

☐ **Secondary markets.** Our commitment and ability to make active secondary markets for the issues we manage encourage market receptivity to future issues.

☐ **Distribution.** With more than a century of experience in the international markets, Morgan has developed a broad, efficient distribution capability which translates directly into more cost-effective financings for our clients.

Measure our performance. Let us compete for your mandate. You'll find we deliver imaginative services in the capital markets with the same high quality and skill that have long been hallmarks of all Morgan banking business.

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INTL. COMPANIES & FINANCE

G. J .Coles lifts payout after interim advance

By Michael Thompson-Noel in Sydney

G. J. COLES, Australia's largest reailer and its tenth biggest company, is raising its interim divideod from 7.5 cents a share to 8 cents on the streqgth of an 8.2 per ceot improvement in net profit to A$64.5m (U.S.$45.2m) for the six months to January 27.

Coles is linking with Bank of America to form a new Australian trading bank, one of 16 announced this week. They hope to open 25 retail banking outlets in Coles' stores within two years.

Coles sales in the interim period totalled A$3.12bn, up nearly 14 per cent. Tax was 10 per cent higher at A$56.3m.

● Lend Lease, one of Australia's biggest property concerns, saw a 24.5 per cent increase in interim net profits, to A$21m (U.S.$14.7m), and is boosting interim dividend from 8.75 cents a share to 14 cents a share. There was an extra-ordinary profit of A$13.4m. Interest costs for the half year rose from A$2.6m to A$6.2m. Pre-tax profit was A$33m (A$28m previously).

Go-ahead for Macquarie

By Our Sydney Correspondent

ALMOST unnoticed among the roster of big names awarded Australian banking licences this week, Macquarie Bank—only the second private Australian trading bank formed this century—was yesterday authorised to open shop by Mr Paul Keating, the Federal Treasurer (Finance Minister).

Macquarie is Hill Samuel Australia in new guise. Eighty per cent of the new bank's floating shares are held by 12 Australian institutions, and remainder by Hill Samuel, London, and by managemeot and staff.

As well as full banking services, Macquarie will offer specialist financial and takeover advice, underwriting and placement of securities, foreign currency management, bullion trading, futures brokerage and interest rate hedging services.

Shareholders' funds of Macquarie Bank are A$50m (U.S.$35m).

Sumitomo Chemical pays dividend as profits triple

TOKYO—Sumitomo Chemical, one of Japan's leading chemical companies, said yesterday that record net income for 1984 would allow it to resume paying a dividend for the first time since 1981.

The company said its unconsolidated net income more than tripled, to Y14.3bo ($55.1m) from Y4.1bn a year earlier. Sales rose by 6.8 per cent to a record Y704bo from Y659bn.

Earnings per share rose to Y9.17 from Y2.65. Pre-tax profits more than doubled to a record Y46.58bo from Y18.17bn.

Sumitomo Chemical said it plans to pay a final dividend of Y5 a share. It last paid a dividend of Y3 a share in 1981.

The rise in net came despite an increase in extraordinary losses due to the parent company's support for troubled affiliates in particular it 50 per cent-owned Sumitomo Aluminum Smelting unit.

The company said Japan's chemical industry enjoyed a "remarkable improvement" io its business environment during the year, the cobbined result of an increase in demand for petrochemical products, a stabilisation of feedstock prices and progress lo industry-wide rationalisation measures.

Sales of industrial chemicals and fetlisers, accounting for nearly half of all sales, rose by 10.2 per cent to Y350bn from Y317bn a year earlier.

● Shiseido, the leading cosmetics manufacturer, said its consolidated net income for the year to November 30 rose by 3 per cent to Y15.38bo from Y14.94bn a year earlier.

Profits before taxes and extraordinaries gained 5.6 per cent to Y38.47bn from Y36.42bn. Sales increased 2.4 per cent to Y368bn. Earnings per share, bowever, fell to Y65.92 from Y71.77.

As previously reported, Shiseido's unconsolidated net during the fiscal year edged upu 0.6 per cent from a year earlier to Y12.41bn, or Y53.18 a share. Sales gained 1.7 per cent to Y323bn.

AP-DJ

Share placement by Shaw Bros

BY DAVID DODWELL IN HONG KONG

SIR RUN RUN SHAW, bead of Shaw Brothers, Hong Kong's largest and oldest film maker, *yesterday mounted a public* placement of shares in the company which will dilute his family stake to about 68 per cent and will raise HK$196.6m (US$ 25.2m).

Shaw Brothers, which has dominated Hong Kong'a film *business for more than* 50 years, aims to place with undisclosed institutions 65.54m shares at a price of HK$3 apiece.

The company has at the same time forecast after-tax profits for the financial year ending on March 31 of HK$110m, compared with HK$103.6m last year. The company is recommending a total dividend of 10 ceots a share, up from 6.7 cents *last* year.

Sir Run Run Shaw emphasised yesterday that he and his *family* inteoded to maintain their long-standing control over the company. The placement amounts to about 16 per cent of *Shaw Brothers' issued share* capital, and nearly doubles the number of shares in public hands.

Shaw Brothers became a public company in 1971, and remains Hong Kong's only publicly quoted film maker. The Hongkong and *Shanghai* Banking Corporation, the gronp's only substantial outside sharebolder since it went public is understood to have *sold* its 6 per cent shareholding in the company as part of the placement procedure.

Apart from making 32 films last year—one-third of Hong Kong's total—Shaw Brothers has a growing interest in making *television* programmes. In October last year, it bought an 8 per cent holding in HK-TVB, one of Hong Kong's two leading television stations, for HK$134m. It plans to make more than 3,000 hours of television programmes this year.

Sentrachem falls into red at half-year

BY JIM JONES IN JOHANNESBURG

LOSSES ON synthetic rubber manufacture, increased finance charges, the weakness of the rand and higher forward cover costs combined to push Sentrachem, a leading South African chemicals group, firmly into the red in the six months ended December 31.

First-half turnover, however, rose to R487m ($243m) from R442m. Nevertheless, the first half's operating profit before tax and finance charges, slipped to R37.8m from R44.1m. At the interim a net loss of R8.7m was recorded against a net profit of R13m previously.

Financing costs rose to R56m from R33.5m in the corresponding period of 1983. As a result, a first-half pre-tax loss of R15.9m was sustained against a first-half pre-tax profit of R13.5m and a total pre-tax profit of R22m in 1983-84.

The company said that had the Afprene synthetic rubber plant not been consolidated, the group's first-half pre-tax profits would have been about R60m, which would have represented a 5 per cent improvement on the corresponding period of 1983.

For the group as a whole, trading conditions are expected to become more difficult in the current half year, but it hopes to contain forex losses so as to have a better financial performance than in the first half.

A per share loss of 9.8 cents a share was incurred in the first half against earnings of 21.4 cents for the previous year as a whole. The interim dividend has been passed—last year an interim dividend of 8 cents was paid.

FINANCIAL TIMES SPECIAL REPORT

Electronics in Scotland

Lack of indigenous growth mars the dazzling economic impact of electronics

Doubts cloud sunrise

THE ELECTRONICS industry has provided a much-needed sunrise over the Scottish economy. Plants manufacturing semi-conductors, personal computers or information systems are providing new light for a country often associated with grey industrial decline.

It has brought jobs and helped change the often-defeatist attitudes about Scotland's economic prospects. But, unlike California's Silicon Valley which it so wants to emulate, growth has not been spontaneous. Some shoving has been necessary to get this industry going.

More than 30 years since multinationals like IBM, Honeywell and Burroughs set up plants, opinions vary on how fast it is going and how much pushing is still needed from government backing.

Growth is reaching the spontaneous take-off point. Companies are moving in to service the big names with skills, equipment and supplies. This is the type of proliferation promoters see as the sign of "critical mass."

Yet, some deeper doubts are being expressed. Hitherto, arrival of foreign companies and more jobs have been so welcome that it has been unfashionable, almost ungrateful, to criticise developments. Today, criticisms are heard about the way the industry is heading, possibly a sign of the strength of electronics in Scotland. There is talk of failure of expectations, structural problems, of misplaced incentives and fears of increased vulnerability in world markets.

But tha impact of electronics still dazzles. It employs something like 42,000 people in about 300 companies. Growth is possibly faster than ever, with investment estimated at more than $1bn at 1980 prices. It ranks alongside Scotland's other sunrise industry, North Sea oil, as a fundamental force for change in the economy of a relatively small country of 5m people.

Like North Sea oil, electronics is dominated by foreigners: most jobs are with big multinational companies. These have been attracted as a way of fostering growth of servicing companies, creating new managerial skills, and generating the vital jobs.

Most important is the conviction that through these companies a new growth in indigenous companies would follow. It has not worked out quite like that.

This survey was written by Mark Meredith in Edinburgh, with reports on semi-conductors and personal computers by Jason Crisp in London.

The Scots are becoming good at inward promotion. To the envy of other countries—not to mention other parts of Britain—Scotland takes a highly efficiant and imaginative approach to attracting foreign investment. Having a relatively small centralised economy makes it easy to pool resources and see the results quickly.

The Scottish Development Agency, a quango which has taken a role in finding new directions for industry, teamed up with the Scottish Office to bring in the Japanese and Americans through "Locate in Scotland" campaigns.

These combine the promotion of the SDA and the grant-giving capabilities of the Scottish Office. Working from a consultant's blueprint drawn op at the start of the decade, a selective approach has been taken to develop key specialities with good growth potential, like personal computers and semiconductors.

Purely manufacturing companies in the U.S. and Japan have not been discouraged from moving to Scotland but those ready to encourage research and development receive the most attention.

The SDA says Scotland now has Europe's highest concentration of wafer fabrication for computer chips. This sector alone employs 4,500 and is expected to increase to 6,500 by 1986.

- Motorola, National Semiconductor, and General Instruments arrived in the late 1960s and early 1970s, and NEC, Burr Brown, Hughes Microelectronics followed.
- IBM manufactures more than 1m personal computers a year for the European and Middle East markets in Scotland.
- Wang Laboratories has opened a $55m office automation plant on the campus at Stirling University.
- ACT is bringing on stream a $13m plant at Glenrothes and Digital Equipment is expanding its Ayr plant.

Yet, for a variety of reasons, the prospects for California-type growth in electronics are limited.

Firstly, product development takes place on only a modest scale. Managers in many multinationals are not posted here to develop new equipment, so there is no reservoir of engineers working on new products who are ready to break away and make a better gadget by themselves.

"The type of management often found in Scotland simply does not encourage the spin-off of engineers that is seen in California," according to one critic. Companies like Hewlett Packard, NCR and Motorola are exceptions, with a local management encouraged to develop new lines.

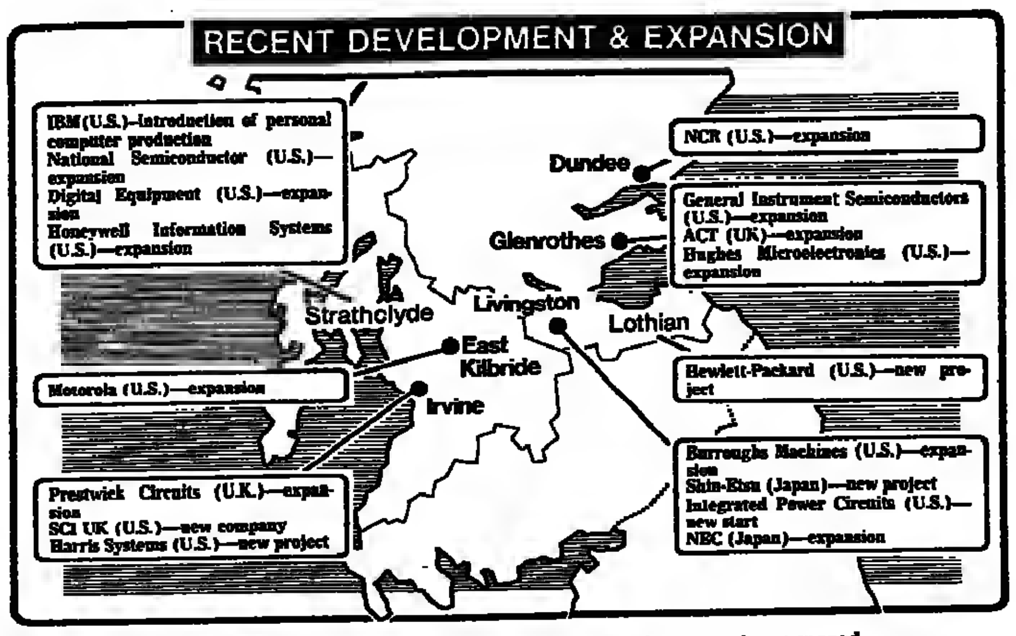
The number of indigenous companies that have spun off or grown alongside the big companies is also fewer than had been hoped. The SDA says 17 companies started between 1979 and 1981.

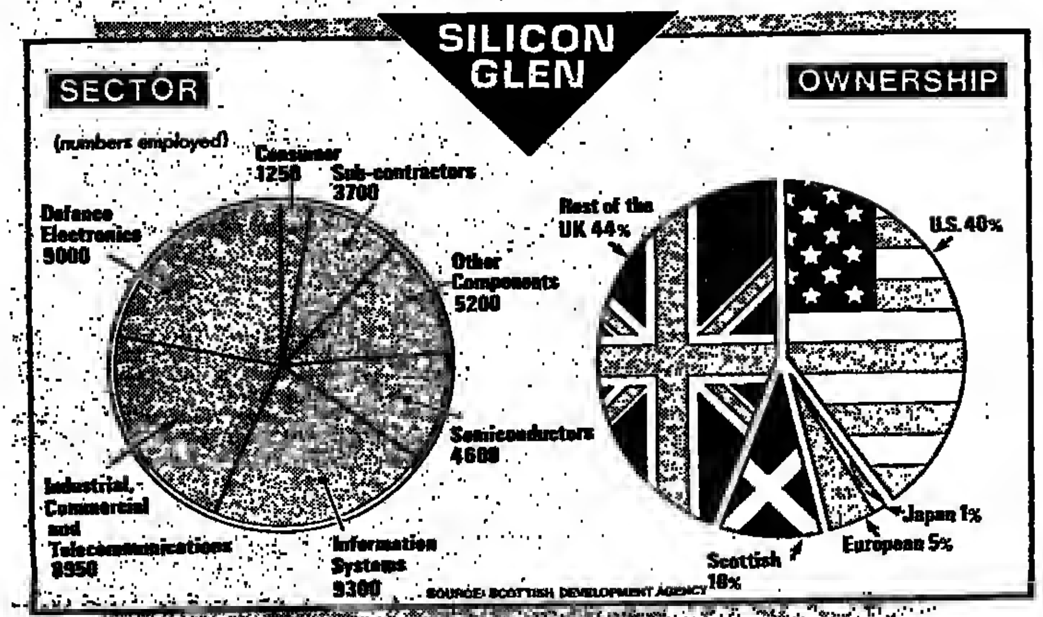
Because the industry still seems to require the stimulus of government through bodies like the SDA, it is the agency and Government which gets the criticism. The Alvey programme by the Government to develop the next generation of computer has been attacked by the Scottish Electronics Technology Group, a body of industrialists and academies, for putting too much money into big companies. They partly blame this lack of incentives for the limited number of home-grown companies.

The changes in regional aid, reducing the amount of automatic grants available to incoming companies, also worries some companies. There are fears too that Scotland's heavy concentration on the personal computer and semi-conductor market could also prove risky. Fluctuations in the market for both these products and the softening of the U.S. market could mean these two sectors are too exposed.

Another shortcoming is the use which Scotland makes of the electronics industry. This remains an area of some exasperation for official bodies trying to preach new technology to traditional industries.

A concerted effort is underway—and, regretably, needed—to push electronics at the offshore oil industry in the next wave of developments of oil and gas fields. The opportunities for applications are there but the rate of take-up has proved disappointing.





SCOTTISH COMPANIES

Jobs take precedence over creativity

SLOWLY AND with some hesitation, Scotland's indigenous electronics companies are coming into their own.

The planners' dream was to see a crop of small Scottish companiea servicing the needs and applying or developing the products of the big multinationals which have moved in over the past decade.

But the number of Scottish start-ups between 1979 and 1981 has reached only 17 out a total of 300 companies in the sector. Many feel the figures should be much higher by now.

And many of these companies are foreign, like the multinationals they serve. They include names such as Shin-Etsu, the Japanese manufacture of silicon set up in Livingston to supply surrounding semi-conductor plants. Or SCI from Alabama, moving in to Irvine New Town to produce components.

Expectations for a truly Scottish industry have possitiv been too high. The make-up of the electronics industry, with a high proportion of manufacturing, has not produced the hothouse atmosphere for real creativity in new products and services The chief priority has been jobs, and this is what the big foreign companies have delivered.

Software

Only fairly recently have Scottish software houses appeared on the scene. But once set up, they want companionship. "We need a number of companies in advanced development to feed off each other," says Mr Martin Ritchie, of Spider Systems in Edinburgh.

The closure of ICL's software house at Dalkeith, near Edinburgh, in 1982 was possibly a blessing in disguise. Rather than move south, ICL employees formed two software companies: Spider and Office Work Stations (OWL). A third ICL-related company, ESL, collapsed last year.

Both surviving companies use contract software work for computer companies to finance product development. OWL markets software packages to handle documentation and Spider has developed ways of monitoring and handling local computer networks. Another company, Raand, is also in the network field.

The Scottishness of the industry is a significant sign of health—a pointer to the right kind of progress rather than a hit of industrial nationalism.

Showcase companies include Prestwick Circuits in Ayr and Irvine, producing printed circuits boards; Fortronic in Fife, forming a network of companies around a line in banking terminals; and Graphic Information Systems in Livingston, with an image analysis computer; and Kineticon in Fife, making semi-conductor testing equipment.

Others are GL Group in Edinburgh, with communications systems; Scintronics of Livingston, in medical electronics; and Lattic Logic plus Wolfson Microelectronics, two Edinburgh companies in integrated circuit design.

Moratorium

There are signs that some indigenous companies are making contact with each other—the all-important process of synergy.

This year will probably see a stock-taking among the Scottish companies. The Government has imposed a moratorium on grants for innovation which has considerably reduced backing—and it is looking hard at who is getting what is left.

Some managers feel that grants and the drive for inward investment tilts against indigenous companies. Mr Hugh Smeaton, managing director of Fortronic, says there is an imbalance in the assistance from government through aid schemes.

"There could be more incentives through areas such as government procurement," he says.

Local companies can also find their business being squeezed by multinationals.

The industry has formed a lobby group, the Scottish Electronic Technology Group, which took to task the Government's Alvey Programme to develop the next generation of computers.

SEMI-CONDUCTORS

First choice for cuts

SCOTLAND'S bullish semiconductor industry received an unaccustomed setback last November. One of the leading microchip manufacturers, National Semiconductor, announced it was delaying its £100m programme to expand production in Greenock.

The move was not surprising, as the semiconductor industry was entering one of its regular slumps. It reminded the Scottish authorities that the country's microchip industry is an offshore operation for U.S. and Japanese companies. That means when it comes to making cuts—such as in capital investment—places like Scotland are the first to suffer.

Nontheless Scotland has had remarkable success in attracting semiconductor producers. It boasts 80 per cent of UK microchip production and more than 20 per cent of European capacity. Six companies — National Semiconductor, NEC (formerly Nippon Electric), Motorola, Hughes and Burr-Brown — have wafer fabrication plants in Scotland.

The fact there are six leading semiconductor producers in a comparatively small area has also attracted supplier companies. The close proximity of sources of raw materials such as silicon, pure gasses and packaging has added strength to Scotland'e microchip industry, and will also make it easier for the country to woo further manufacturers.

Within the last year a number of new companies have announced plans to set up plants in Scotland to supply the microelectronics manufacturers.

These include Shin-Etsu Handotai of Jepan, one of the world's leeding producers of very pure silicon; Berkely Glasslab, which will make sophisticated quartz glassware for wafer fabrication; and Indy Electronics, which is setting up e contract assembly and test operation for integrated circuits.

According to the Scottish Development Agency, more than £400m has been invested in the Scottish semiconductor industry. It claims the country manufactures more microchips per capita than any other in the world and that the annual turnover of Scottish-based facilities is more than £350m.

Ordering

Scotland is clearly vulnerable to project delays—such as et National Semiconductor — e symptom of the switchback fortunes of the semiconductor industry.

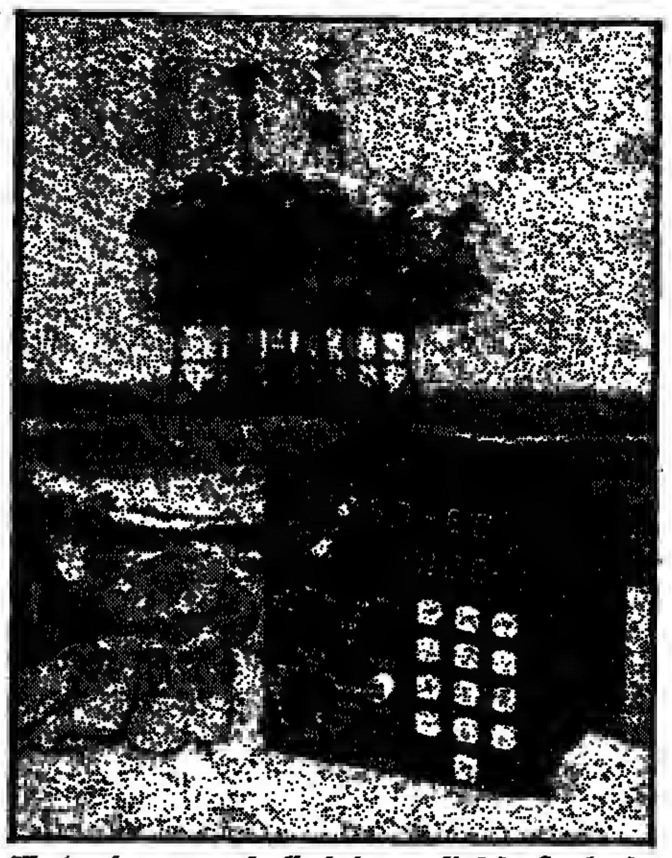
The extremely volatile short-term trends are e product of changes in demand and stock levels from customers and the extraordinarily high levels of capital investment made by producers. In one year sales can soar 50 per cent and waiting lists for popular products stretch into months with companies double and treble ordering.

The next year, when capacity matches demand, customers' stocks are dramatically redneed and multiple ordering disappears as components become available on demand. However the important point is that the underlying trend of the industry has been one of steady and strong growth.

So while Scotland has seen delays before, like those at NEC's wafer fabrication plant, the likelihood is that projects will go ahead. In NEC's case the company increased its planned investment by £50m because of the delay so it could start 6 in wafers rather than the 5 in ones originally planned.

However the semiconductor industry is still struggling through one of its deepest recessions—albeit after one of the biggest booms. There are indications that the U.S. industry may have passed the bottom of the trough while Europe is still in difficulty.

Competition in Europe is fierce et all times as domestic manufacturers compete with the U.S. and increasingly with the Japanese. It is probably good news for Scotland.



Electronics are gradually being applied by Scotland's other "sunrise" industry, offshore oil

ARTIFICIAL INTELLIGENCE

Graduating into industry

THE NEXT generation of computers, designed to act more like humans, could think like Scots. The country is one of Britain's centres for the development of artificial intelligence or "knowledge based systems."

The importance of AI is thet it establishes a research and development base drawing on Scotland's academic resources, and that it is e branch of electronics which encourages applications to industry.

AI is moving out of its largely university environment into industry. There are, for instance, companies offering systems which could allow oil groups to feed in all factors involved in deciding whether to exploit ru offshore field.

The oil companies are wary and conservative, preferring to leave a multi-million dollar decision like this to senior management. Artificial intelligence could enable industry to put the wisdom of everyone from the accountant to the marine palaeontologist into a computer to aid decision-making.

Scotland has two institutes serving industry in knowledge-based systems: the Artificial Intelligence Applications Institute has grown out of the artificial intelligence department of Edinburgh University, and the Turing Institute has been formed as an associeto of Strathclyde University in Glasgow. They are supported by the Scottish Development Agency, the main industrial promotion body, and figure in the Government's Alvey project to develop the next generation of computers.

Attraction

Support from the Alvey directorate provides training services for industry. The Journeyman scheme et both Edinburgh and Glasgow will allow managers from industry to work with scientists at artificial intelligence projects for six months or more to study possible applications.

Funding also comes from industries and local outhorities which use the institutes. Elf, the French oil company, for example, is sending an engineer to study in Edinburgh.

Dr Austin Tete, assistant director of knowledge-besed planning systems et the Edinhurgh institute, has hriefed Locate in Scotland, the government-backed programme to attract foreign companies, on the advantages of investment in Scotland's electronics resources.

"This might be an attraction to o producer of silicon chips," Dr Tate says.

The artificial intelligence department at Edinburgh, meanwhile, has been one of the main recipients of Alvey funds for the development of very large scale demonstrators for industry.

What motivates commercial growth for this new aree is its promising business outlook. According to DM Data, o U.S. research company, the world market for projects linked to artificial intelligence could rise from an estimated $75m in 1983 to move than $3bn by 1990.

AI will be used for developing voice-activeted systems, and visual and voice recognition. Its applications to industry gives the most hopes, as application of electronics in general has been diseppointing in the past.

Even traditional industries in Scotland, which have been in decline over the past generation, could benefit from increased options provided by ertificial intelligence to improve efficiency..

PROFILE: FERRANTI

Foundation stone with special feel

FERRANTI IS a foundation stone in Scotland'e electronics industry. The Scottish division of this hig UK company has risen alongside the multinationals which arrived here after the war, providing something of e model for the way the planners would like to see this industry grow.

The company, developed out of o former gyroscopie gunsight plant, has spawned new businesses as its range of activities has increased. It has also—in spite of o relatively low turnover of staff—produced some of the engineers who have gone out on their own to create new products and services.

It is Scotland's largest electronics company, with more than 8,000 employees. Last year it accounted for nearly 45 per cent of the UK company's turnover and half its profits. In five years, sales have trebled to £200m compared with £452m for the whole company.

The expanding range of civilian prodncts cultivated out of military projects led last year to o separation of the Scottish operation into two divisions: Ferranti Industrial Electronics and Ferranti Defence Systems. The rest of the company has already been divided along prodnct rather than geographic lines.

Ferranti has a special feel. It is run largely by engineers whereas accountants would be more prominent in other companies. The engineer who has overseen its growth as well as its diversification is Mr Donald McCallum, a quiet Scot in his final year before retirement.

He is chairman of both Scottish divisions, but the restructuring has meant giving up executive control of defence to assume anthority for running electronics.

Mr McCallum's remit includes the offshore group of Ferranti, one of the more exciting areas for applied electronics with e new wave of offshore development under-way.

"It will be the biggest market and biggest area of our business. The needs in the North See are going to require higher levels of technology than were availahie to oil companies in 1971 and 1972 and there should be uses for a military technology," he says.

Offshore business has proved a useful spin-off opportunity for Ferranti's inertial navigation system used on military aircraft. The gyroscope base for the navigation equipment has been adapted into a tool which can be lowered down a drill hole to give an oil company the exact location of o drill bit.

The military base has been a formidable reference when it came to meeting the stringent demands of oil companies, which has often been e difficult market for British companies to penetrate. The company's Argus computer is a good example. It has been e successful offshore control system developed from technology used on a weapons guidance system.

"The oil industry has to be fairly conservative because ef its enormous investments and considerable risks, but I don't think we have found it e more difficult market than many others," says Mr McCallum.

The lasers developed in Dundee, as part of the professional components division, also have a base in weapons guidance systems, and are now sold into areas such as metal cutting and welding equipment.

Mr McCallum is among those with worries about the development of electronics in Scotland. Over-specialisation, too few Scottish developed products, and shortcomings in training are vulnerable areas, he feels.

"There is too much emphasis on manufacturing silicon chips and not enough on putting them to applications more appropriate in generating lasting jobs," he says.

He echoes fears that Scotland has paid too much attention to development of semiconductors, concentrating on manufacturing rather than research and development.

Donald McCallum: Scottish divisions chairman of Ferranti

INVESTMENT

Small-timers struggle for backing

OVERSEAS investment in high technology companies in Scotland has topped £1bn over the past three years. The past year has been e good one for U.S. and Japanese companies setting up or expanding bases in Scotland.

Investment is no problem for the big companies moving into Scotland but it is for the small, possibly indigenous, company setting up in Silicon Glen. After 30 years of growth in the sector, the electronics engineer working out of his garage is still not popular among the financial institutions.

Over the past few years venture capital has taken root, however. With the maturing of electronics has come learning of risk assessment by some sources of capital. The emphasis on small business development has also spawned "hands-on" management, with institutions providing direct assistance to small companies in areas such as eccounting.

The number of venture capitalists is increasing. They include 31 Investors In Industry, owned by the clearing hanks and the Bank of England, and the Scottish Development Agency, which octs as the central industrial promotion body. There is e growing number of investment trusts, incinding funds managed by Ivory and Sime in Edinburgh and Murray Johnstone in Glasgow.

As financial institutions have improved evaluation of high-tech investment risks, however, many have looked to the U.S. market for the greatest range of growth prospects. Small Scottish companies could hope to provide only a small part of an investment trust's interests.

The thrust of electronics promotion in Scotland is to create an indigenous industry serving foreign companies using Scotland as their European base. Some companies just starting up cannot readily tap the large amounts of money evailable.

Vanture capital is still largely directed at levels of investment worth £200,000 or more, according to Mr Ross Peters of Murray Johnstone.

Recently, however, the Government'e Business Expansion Scheme has helped provide smal loans to new companies.

A significant step in the investment field was taken this year by the Scottish Development Agency, which ennounced plans for e privotely-funded offshore unit trust for venture capital investment in U.S. high technology companies.

The aim will be to take an equity stake in companies which might want to set up in Scotland. The Scottish American Venture Enterprise (Save) is expected to raise between $10m and $25m. mostly from Scottish and other UK pension funds, insurance companies, investment and unit trusts.

The SDA which is funded by the Government, will not take a stake in the venture but act as manager for the funds, drawing on the resources of its investment team and its U.S. offices.

Dr George Mathewson, SDA chief executive, said: "SAVE is designed to tap the flow of funds from Scottish and other UK investment institutions into the traditional U.S. securities market and channel these through the highly-developed venture capital sector into promising high technology companies which in time, are likely to consider a European manufacturing or support hase.

PERSONAL COMPUTERS

Stable at the business end

THE RECENT and dramatic crisis in Britain's home computer industry will almost certainly have repercussions in Scotland. But the crisis is not affecting the more important, and rather more stable, market for business personal computers.

A large number of personal computers, business and home, are made in Scotland and represent an important section of the country's electronics industry. The main production is of IBM personal computers, Applied Computer Techniques' Apricot range and small Winchester disk drives by Rodime.

Scotland can also boast the largest number of home computers produced outside the U.S. Timex in Dundee has been the main sub-contractor for Sinclair Research, Britain's leading supplier of cheap home computers.

The crisis in the home computer industry has cast doubts on whether Scotland should seek more businesses in personal computers.

Nervousness

This crisis has involved Prism, a major distributor, and Oric, a home computer supplier, going into receivership. Last month Acorn, one of the leading home and education computer companies with annual sales of nearly £100m, had to be rescued by Olivetti, the Italian computer and office equipment group.

Shock waves have been felt in Scotland. Sinclair Research, the company founded and largely owned by Sir Clive Sinclair, postponed deliveries from suppliers because of high stocks and poor prospects for the market this year.

The situation has been exacerbated by the nervousness of retailers who are reluctant to restock because of the weak market and because they are in a strong negotiating position.

Cuts by Sinclair Research have meant postponement of orders at Timex in Dundee. The predominantly electro-mechanical watch producer has been able to preserve a considerable number of jobs by turning itself into an electronics sub-contractor for Sinclair and will feel any cuts sharply.

Scotland has more stability in production of business personal computers. This market is still volatile as there are still more suppliers than are expected to survive. But the overall business is expected to grow strongly and steadily.

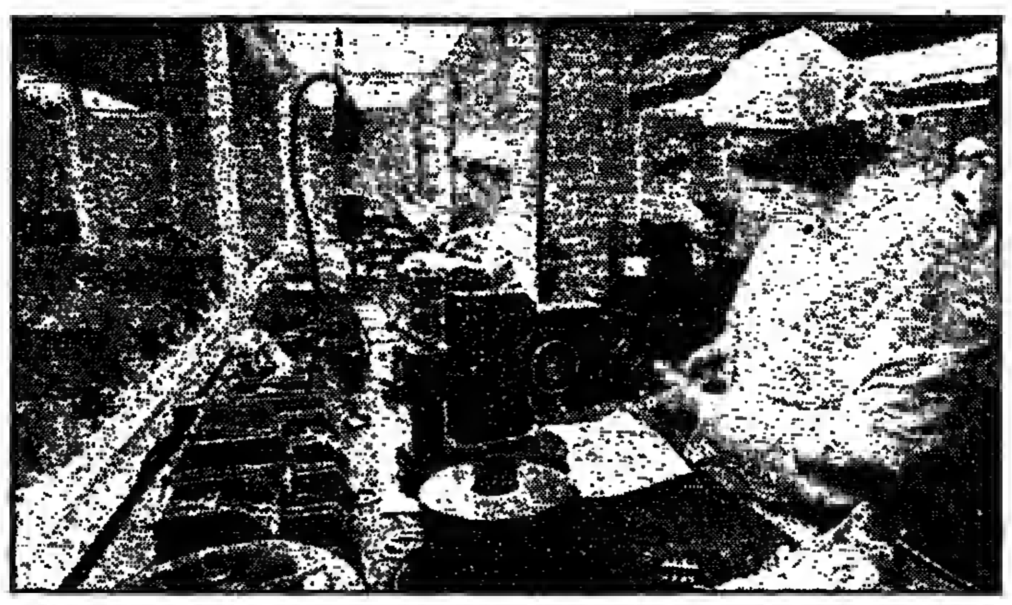
Scotland is in an enviable position, with IBM, ACT and Rodime producing in the country. IBM dominates the business personal computer industry, almost as much as it does mainframe computers. It is market leader in the U.S. and in most European countries.

ACT, Britain's fast-growing computer group, is particularly strong in the UK. ACT and IBM, between them, dominate the flourishing UK market for personal computers and have broadly similar shares.

ACT has started a major drive into export markets including West Germany and France. Earlier this year it started selling in the U.S. through Apricot Incorporated, a company set up with $20m raised from institutions, existing ACT shareholders and ACT itself, which holds a 20 per cent stake.

The third success story is Rodime, set up three years ago by several former Burroughs executives, which has grown rapidly and is quoted in the U.S. The company has strong U.S. links and resembles an American company. A substantial part of its sales are to the U.S. personal computer industry but it also supplies ACT which is just down the road at Glenrothes.

Insofar as anything is certain in the still adolescent personal computer industry, Scotland has captured three of the best bets.



Disk drives being made at Glenrothes by Rodime, one of Scotland's success stories

OIL INDUSTRY

Technology takes control

IT HAS been an uphill battle getting oilmen in Aberdeen to speak to electronics engineers from Scotland's Central Belt. Here, one might think, is the place to apply much of the experience gained by the electronics industry over 30 years.

Both sides beve approached each other cautiously. The oilmen in Aberdeen are deeply conservative about the mechinery they use offshore. They fear "downtime"—delaya due to a technical failure—which can be counted in tens of thousands of dollars a day.

The electronics company in the south on the other band has often not been interested in the offshore market. Many companies specialise in areas such as semi-conductors and office equipmeot and their managers are not expected to epply products to the offshore field. Most companies are not looking for new products and applications, bowever rich the prospects.

But the scene is changing, partly because of the big rewards in offshore contracts and the technological evolution of the work. Pressure to apply the resources of Scotland's electronics industry to oil bas intensified into something like a campaign.

The current wave of offshore contracts is the opening the electronics industry has waited for. Technology was insufficiently developed in the early 1970s wben offshore platforms were first installed.

Now computer technology has come into its own in areas sucb as instrumeotatioo and control systems. The all-important fire alarm system, once a panel of lights covering a control room wall, can be reduced to a screen flashing the location of a problem and possibly proposing the most efficient way of coping.

Behind such developments is a growing awareness that the UK must develop the high technology side of offshore oil. It must use experience gained in more than 10 years' work in some of the roughest waters yet challenged.

Opportunities

A survey by consultants Atkins Planning for the Scottish Development Agency estimated that the world oil market, worth $38bn in 1984, would rise to $58bn in 1988 and $77bn in 1995. The North Sea and offshore UK fields alone could yield an additional 90 fields by the turn of the century, according to Esso.

Opportunities for Scottish companies were in exportable bigh technology areas, Atkins' report said. It considered Scotland's electronics industry as the promising ground for development.

Looking at the industry and the considerable backup from the eight Scottish universities, the report picked the most promising areas as:

- Subsea inspection, maintenand repair.
- Remote control and automation.
- Downhole drilling equipment.
- Submersibles.
- Underwater navigation and location.
- Underwater communication.
- Underwater construction and welding equipment.

A clutch of Scottish companies are already in the game. Osprey Electronics, based in Wick, developed an underwater television camera. Bancbory Instrumeots sells safety system alarm monitors and recently bas marketed a computer-based event record system to trace faults in machinery.

Leibnitz-Lann, of Nairn, moved out of contract work for oil companies into developing its own product range of equipment to allow television pictures from remote vehicles on the sea-bed to be overlaid with expert commentary. Equipment like this, common to the television newsroom, has required some adaptetion for the cramped and rugged environment of an offshore survey ship.

The company is also working on ways of processing signals from several underwater cameras for transmission to the surface. This cuts down on the number of cables for television monitoring.

VERY LARGE SCALE INTEGRATION

Arrival of the special breed

A NEW breed of electronics engineer is growing out of the Scottish electronic industry's orientation towards Very Large Scale Integration — standard jargon for bringing numerous electronic functions down to the level of the chip. And chips is one of the strong areas of the industry.

The big names in the world semi-conductor market are in Scotland: Motorola, National Semiconductor, General Instrument and NEC of Japan. Hughes Microelectronics and Burr Brown are also in the field of wafer fabrication.

According to the Scottish Development Agency, nearly $400m will have been spent on developing Scotland's fabrication base by 1986. This aree employs 4,500 people ont of the 42,000 in Scottish electronics.

But semi-conductors present e problem. The sector is in the words of the trade, too much of a mono-culture. There is e lot of manufacturing and too little design work.

Nearly 80 per cent of UK integrated circuit output is from Scotland. An impressive figure, but if the industry is to really make its mark, more work is needed in the design and application areas for the industry, the planners say.

Signs of change have emerged bowever, and the much-awaited specialised engineer has arrived on the sceoe.

"We are trying to change a mono-culture into a multi-culture," says one of them, Dr John Grey, managing director of Edinburgh-based Lattic Logic.

The company, formed in 1982, developed the world's first silicon compiler, a system wbich converts e function worked out in terms of random logic into the patterns for producing integrated circuits. Five companies bave followed Lattic into this field—all of them in the U.S.

Commercial

The company is small, with a turnover of about £500,000 a year and bas produced a number of software programmes for use by semi-conductor manufacturers or other equipment manufacturers.

The custom chip, known as Applications Specific Chips (ASIC) spurred Wolfson Microelectronics to move out of Edinburgh University this year to go fully commercial.

Wolfson, under Dr Devid Milne, its managing director, offers micro-chip consultancy, contract development and plans to handle everything from design to sales for customers seeking relatively small volumes of specialised integrated circuits.

Wolfson's future is based on projection that the special chip ia expected to form one third of the market this year and up to 50 per cent by 1990 as the range of electronics and applications continues to spreed.

Wolfson retains its contacts with the microelectronics research facilities of Edinburgh University, although it is independent.

Milne feels that whatever the vagaries of the semiconductor sales in the U.S., the market in the rest of the world will continue to grow "with varying degrees of dynamism."

THE PROPERTY MARKET BY MICHAEL CASSELL IN DALLAS

America's biggest developer keeps building from the bottom up

AS CHIEF EXECUTIVE of Trammell Crow, America's largest property developer, Don Williams is ultimately responsible for $7bn worth of real estate. This year he has another $2.3bn worth on the drawing board. As in every previous year, he will pay himself just $18,000—"the same as our newest Harvard recruit."

It is only fair to point out that Williams, the 43-year-old former lawyer who has already been in the Trammell Crow hot seat for eight years, will eventually get to take home somewhat more than his latest business school graduate.

As an equity partner in Trammell Crow, Williams' annual income can be safely assumed to have a few more noughts on the end of it, but he is quick to point out that the runaway success of the company he heads derives from the "bottoms up" management style which offers the same opportunity to every newcomer.

The extent of that success can be seen clearly through the windows of Williams' offices in the newly-completed, 50-storey LTV Center in the heart of Dallas, the town where, nearly 40 years ago, ex-serviceman Trammell Crow first built himself a grain warehouse and then went on to build the beginnings of an empire.

The LTV Center itself, an impressive, pyramid-topped skyscraper graced by Rodin sculptures, represents Trammell Crow's latest contribution to the downtown skyline. The development budget included $20m "to make it look beautiful." From the top, the results of the company's local endeavours—like the 33-storey San Jacinto Tower, the 34-storey Diamond Shamrock Tower and the 40-storey Bryan Tower—can be seen in every direction.

When the company's latest 53-storey development on Ross Avenue—complete with six-storey waterfall and hanging gardens—is finished, Trammell Crow's downtown Dallas office portfolio will exceed 5m sq ft. But it will still remain a small part of the company's total investment package.

Private

The Trammell Crow Company, just one private, independent entity in the chain of residential and commercial real estate businesses built up by Crow family interests, now owns, leases and manages 175m sq ft of commercial property in 86 U.S. cities. The empire stretches from Washington and Atlanta to San Francisco and Seattle and represents a major force in every city of any consequence in the southwest.

Certainly America's biggest developer, Trammell Crow, might well also be the nation's largest real estate owner. Around 150m sq ft of the total portfolio is held outright by the company or owned in joint ventures; it touches nothing unless it has responsibility for management.

Within the total portfolio, there is 140m sq ft of accommodation given over to warehousing, industrial and research and development purposes. It was warehousing on which the company's fortunes were firmly based. Crow was the first developer to landscape the grounds around them, the first to hide unsightly loading bays and the first to put the executives' offices—complete with windows—in the front of the building.

Crow also quickly realised that he could build his warehouses even before he had found tenants to fill them. Today, the practice is commonplace but once it was regarded as a foolish risk. It used to be customary for the banks to withhold credit until long leases had been signed with tenants but Crow convinced funding partners that his land and buildings were sufficient collateral. His formula struck the right note in a rapidly expanding economy. His tenants loved the results and the money started to roll in.

Today, the industrial portfolio underpins the entire operation although, for good measure, there also exists another 28m sq ft of office space and over 8m sq ft of retail space. Another 16m sq ft of floorspace is now in the construction pipeline. The company has nearly 12,000 tenants.

Trammell Crow himself, the partner of partners who still sits on the 12-man management board, owns between 15 per cent and 50 per cent of every building ever built. For every dollar millionaire he has helped create, he has made untold millions more for himself. Some old-time colleagues used to say he was "in business to own the world" and Forbes magazine recently estimated his own private wealth at over $500m.

Beyond the development company, Crow controls the Dallas Market Center Company (gross assets around $2bn) and the Trammell Crow Residential Companies (gross assets over $1bn). The affiliated operations extend to housing, hotel, medical, agricultural and other real estate projects. Beyond the U.S., there are interests as far afield as Canada, Brazil, Frankfurt and West Germany.

Giants

Along the way, Trammell Crow's operations have helped spawn other American real estate giants. The second and fourth-largest private real estate companies in the U.S.—Lincoln Property and the Vantage Companies — were started as partnerships with Crow, which has also been instrumental in the creation of some of the most important downtown developments in modern America — like the Embarcadero Center in San Francisco, the Peachtree Center in Atlanta and the Allen Center in Houston.

Don Williams says there is "nothing fancy, nothing slick and no secret formula" to explain the company's achievements. The answer, he suggests, lies in the commitment and hard work which stems from a system which ensures each of the 101 partners is in business for himself. Beyond the partners, all 1,400 employees can participate in a profit-sharing trust based on a stake in every fourth new project constructed.

All of the operating partners are drawn from the ranks of the company's leasing agents, who first have to prove themselves in one of the toughest real estate brokerage markets in the world. "We are looking for the entrepreneurial spirit, a creative mind, a temperament that thrives on challenge, a value system that prizes hard work and a sense of risk," Williams says.

When the agent has proved his worth, which usually takes a minimum of three years, he is selected for partnership status, initially receiving a percentage of ownership in one or more local development projects. Each project becomes a separate partnership, often involving some outside equity.

Williams continues: "The company gives the individual an opportunity to own significant tangible assets, participate in the cash flow and accumulated appreciation of the property and utilise the tax benefits of real estate ownership—all without any capital contribution. We reward 'sweat' with 'sweat equity' and the more valuable the labours of the partner, the more he benefits.

"Real estate is an entrepreneurial activity. The best decisions in our business are not mad by tiers of committees or layers of corporate executives cloistered in some isolated headquarters office; they are made by the locally based operating partner who is attuned to the momentum of the market, has cultivated local, key decision-makers and has gained the confidence of the 'players' in that city," Williams adds.

Williams emphasises the need to get new employees involved in the development process straight away: "We want them to experience the total development process, including project management, construction management and building management.

"If a person has to be involved in leasing the building, it's only natural that he should be involved in site selection, the design of the building and costs, because he knows better than anyone what it is going to lease and what kind of rent can be expected."

Marketing

Trammell Crow Company reckons that it is, first and foremost, a marketing organisation. It seldom caries out its own construction work and generally leaves the architecture to outside firms but it devotes enormous resources to establishing market trends and consumer requirements.

And when Trammell Crow has got its tenants, it believes in looking after them: "Once we get them in the buildings, we look after them. When the time comes to expand their premises they naturally come to us first. Repeat business is a very big factor for us," Williams adds.

The company, which ten years ago came perilously close to disaster because of mounting debt, reckons it has set itself a hard act to follow. But it shows every intention of keeping up the pace.

According to Williams: "We are nowhere near through. For a start, we can grow by further penetration of the markets we already know well. In Dallas, for example, we own a lot of real estate but we still only have about 5 per cent of the total market. In Chicago, we are only represented in three sub-markets.

"We can also grow in entirely new geographical areas. Despite the competition, there is plenty of scope in places like New York and New Jersey. Finally, we can extend the range of product we develop and we are particularly ken to increase the number of shopping centre developments."

Williams accepts that the growing interest in real estate by the big U.S. institutions is a factor which the market can no longer ignore. But he says it holds no fears for a private company which, by virtue of its size and experience, is itself nothing less than an institution.

"The major funds are getting ken on real estate but most of them have rarely developed real estate for themselves and have had to rely on outside skills. If they want to turn themselves into developers, then we are totally confident in our ability to compete effectively against them. We have no problem getting funds and we're pretty good at developing. We will not be dominated by them."

Trammell Crow himself is now 70 and takes something of a backseat, although he is always on hand to provide advice and is still happy to pitch for work when called upon. Much of his time is spent pursuing his multi-million dollar hobby—the creation of trade marts in the U.S. and around the world.

Dazzling

His most spectacular creation to date, however, lies within sight of Trammell Crow headquarters in Dallas. A dazzling replica of London's own Crystal Palace and constructed in a bright white web of slender steel and glass, it is called Infomart and has just been completed to provide a spectacular, 1.5m sq ft showroom for the information processing and communications industries.

Encouraged by its success—350,000 visitors are expected this year—Crow is now studying the prospects for similar projects in Frankfurt, Paris and, possibly, London—where a previous plan for a Docklands trade centre came to nothing.

As in Dallas, there will be those who gave him little chance of success. Trammell Crow's track record might suggest otherwise.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

European/U.S. acquisitions

Why delinquency is a common problem

BY CHRISTOPHER LORENZ

AS THE red-faced top brass at Midland Bank, Racal, Thyssen, Olivetti and Elf-Aquitaine struggla to sort out their wayward American subsidiaries, they possess at least one crumb of comfort—they are not alone.

Whether it be the travails of Britain's Imperial Group with the Howard Johnson hotel chain, the tribulations of France's Schlumberger with Fairchild in Silicon Valley, or the traumas of Germany's Tengelmann with the A and P supermarket group, the list of delinquent European acquisitions in tha U.S. is depressingly interminable.

With the transatlantic takeover wave still rolling desplte the strength of the dollar, the score is bound to rise over the next year even if a mlracle heppens eod Midland, Racal, Thyssen, Olivetti end Elf all maoage by then to restore the fortunes of (respectively) Crocker Bank, Vadic, Budd, Docutel and Texasgulf.

What goes wrong with so many of these bold moves into the world's largest, most attractive and supposedly lucrative market?

Tha factors are many and varied, ranging from the disregard of basic principles of acquisition to the unexpecled difficulties of owning an enterprise thousands of miles awev from home, in e very different culture. Companies with long-esteblished transatlantic subsidiaries can bear witness to that — just ask Unilever about its U.S. problems with Lever Brothers or, in the reverse direction, Gillette about its unruly European offsboots. Even within the frontiers of Europe itself, things can be even worse: the failure rate of trans-European takeovers is probahly even higher than the transatlantic veriety.

For many recent entrants to the American scene, the problems are all-embracing, to the extent of near suffocation. They heve failed to take sufficient care in evaluating potential acquisitions, either in terms of the candidate's strengths and weaknesses, or of their own ahility to contribute skills and resources to the new subsidiary. And they heve botched the highly sensitive process of integration, both immediately after the acquisition and in the ensuing years.

Goste Bystedt, chief executive of Electrolux, the Swedisb-based appliances multinational which is one of the foremost takeover specialists anywhere in the world, says that "doing acquisitions is very much a matter of experience." He describes his first — Electro Helios, a local Swedish group — as "e disaster." The planning of finaoce and resources was all right, be says, "but the buman aspect was wrong. We learned the bard way bow to handle people, and it took five years really to digest the acquisition." As the new parent of Zanussi, the trouhled Italian washing machine gient, Electrolux will bave to apply all the wealth of expertise it has earned since those early days, via a spate of acquisitions in almost every major western country, including the U.S.

Excesses

One of tha ways in which Electrolux bas scored abroad is in almost always making acquisitions in technologies, products and markets which are releted quite closely to those of its basic busioesses. A barrage of academic research, gathered over the past two decades, points to tha conclusion that related diversification is easier to handle than forays into "unreleted" areas. Hence, after the wild diversification excesses of the 1960s and early 1970s, the recent spate of divestments on both sides of the Atlantic (and across it), as many companies have moved "heck to basics."

But "relatedness" is a more elusive and misleading characteristic than most managers realise. "Counter-intuitively, related European acquisitions in the U.S. go wrong more often than unrelated ones," claims Dr Philippe Haspeslegh, a business school academic at Insead in France and Stanford in California, who is currently mounting e large research study into the success and failure of takeovers made between Europe, the U.S. and Japan.

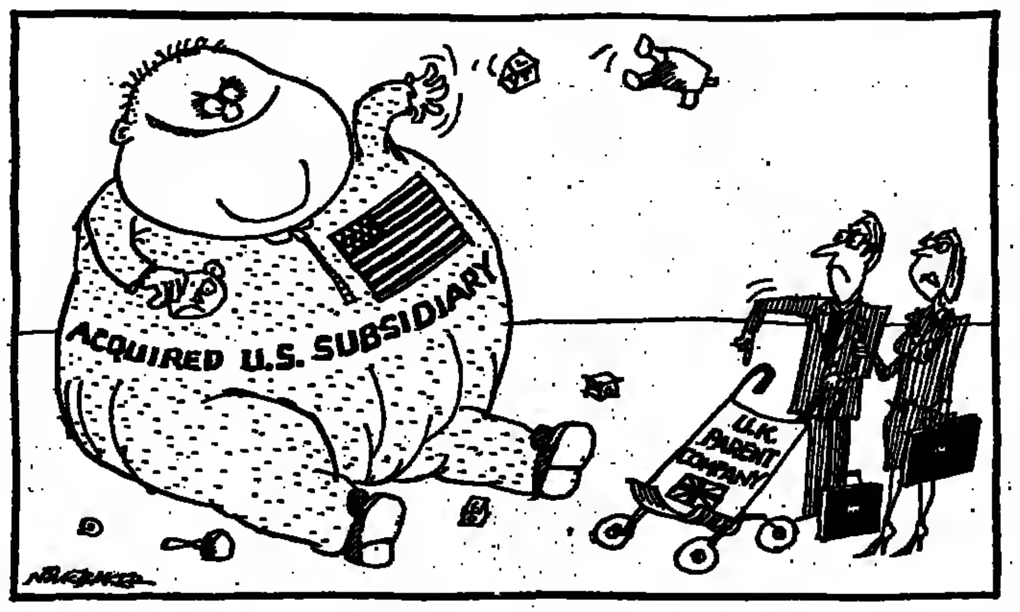
The reason for this epparent paradox, he says, "is that companies which make unrelated investments of an essentially finencial nature tend not to make the easy assumption that they know the business. Nor do they go for cheap acquisitions, in the helief that they will ba able to turn them round." This is one of tha reasons for the success, contrary to tha new conventional wisdom ebout conglomerates, of many American takeovers by diversified holding companies in Europe.

In banking and retailing, on the other hand, Haspeslagh argues that many European predators making "related" acquisitions have forgotten—or not even realised—that "the game in the U.S. is different."

Not only is it usually fer more competitive than back home, but It is frequently organised differently. As Haspeslagb points out, "many European retailers hava made the mistake of looking at the U.S. as a national market, whereas in fact it is highly regional." The Belgian retailer Delhaize has been successful in its strategy of buying companies with strong regional positions, such as Alterman Foods in Georgia. But, like Imperial's takeover of tha ailing Howard Johnson chain, Tengelmann went for A and P because of the latter's wide spread of stores, and in spite of its weak market position.

"Europeans consistently overlook bow competitive the U.S. market really is," confirms Hugo Uyterhoeven, a senior professor at the Hervard Business School.

"Time and again they invest too little, too late," he complains — both in new products and in marketing resources. "They spend an enormous amount of money paying well over the odds for an often mediocre company, but then they refuse to invest enough in the development of sales channels, in supporting dealers, and in advertising the product or service."



Uyterhoeven also sees an inherent conflict in the scele of operation needed to create a viable position in the U.S. markets, and the status of the U.S. subsidiary in relation to its European parent. To be viable in the U.S. on a netional scale — which is what many Europeans attempt, in apite of the dangers — e company may need to gain 5 per cent of the market. Yet this can be equivalent in size to a fifth or a quarter of the market in the parent company's own country — even more if its base is not in a large European market, but in Sweden, Switzerland or the Netherlands.

The result, if the attempt is reasonahly successful, is a U.S. subsidiary which dwarfs any otber operatiog company within the entire group, and resents being treated by headquarters as e junior partner. Communication suffers, and the expected "synergy" between epparently related businesses fails to take place.

This problem is compounded, says Haspeslagh, by the frequent European failure to anticlpate, and cater for, differences in culture—not only the corporate varietlons which can dog any takeover, hut more deeply-rooted gulfs between national cultures. The most obvious mistake here is to dilnte American executive incentive schemes towards less generous European levels—this is a sure way to lose good managers.

But there are also more subtle dangers, mainly associated with the less collegiate nature of American corporate hierarchies. Because they fail to recognise the over-riding power of the chief executive in American organisations, many European companies find it remarkably difficult to establish and maintain effactive transatlantic co-ordinatiou, says Haspeslagh. "Rather than trying to work laterally at varlous levels down the organisation, they often need to channel averything through the CEO. They can throw him out if he does not produce results, but in the meantime he must be given independance."

The tension thel this creetes can become particularly acute wben — as is often the case — the European parent controls less than 100 per cent of the U.S. company. Whether the stake is 51 per cent or 90 per cent, "most Europeans are surprised at the extent to which the CEO can use his responsibllities to minority shareholders as a way of sustaining his independence," according to Haspeslagh. This was evident last yeer in a hitter hettla over Shell's attempt to hny ont the minority holdings in its U.S. offshoot, Shell Oil.

Power

Closely allied to these strains is the slowdown in decision-meking which frequently occurs within an American company afler it is acquired from Europe. Effective monitoring and control aystems obviously have to be erected, as has been borne out yet egain hy Midland's problems with Crocker, and Racal's with Vadic.

But if the controls are excessive they can not only demotivate local U.S. management, hut impair the subsidiary's competitiveness. This seems, for example, to have occurred at Fairchild. Even the simple existence of a time difference between Europe and the U.S. can seriously cramp effective communications, Uyterhoeven claims.

If the European parent decides, for whatever reason, to inject a number of its own managers into the subsldlary, even more prohlems can arise. Not only are local staff demotivated still further, but the imports may not be up to the task in hand. "European companies seldom bring in their all-star teams — such people want to stay back at headquarters, wbere the power lies," says Uyterboeven. This can be a major barrier to the promotion of people in both directions.

Many of these traps are not exclusive to European takeovers in tha U.S.; they also apply in the reverse direction. Whether they have expanded into Europe through greenfield investment or takover, many American companies have burned their fingers by failing to understand local conditions. Against the successful examples one can set a whole raft of disappointments or failures, including Campbells Soup, Kraft, Honeywall, General Electric and (until recently, at least in Britain), General Motors.

Just as soma of these longer-estahlished American multinationals have laarned the hard way how to manage in the very varied cultures and markets of Europe, so more European companies need to recognise the peculiarities of doing business in America. They are greener at the game of transatlantic takeovers than their American cousins, but the balancing act they must learn is just as tricky.

Book review

How to be a Fully Effective Executive

ARE YOU "doggedly determined to have one of the most satisfying lives ever hed hy any buman being that ever walked on the face of this earth?" If so, this collection of half-truths, platitudes and pre-packaged aphorisms conld be just the thing for you.

What yon need is unreservedly to embrace the "execupower principle." It will help you treat triumpb and disaster with equanimlty, to cultivate "en inner calm, a sense of purpose and edventure." Of course it won't be easy all the time. Life, we have the enthor's word for it, can be hard, but "yard by yard, inch hy incb, it's a cinch."

This is Dr Kushel's third, or maybe fourth, book. He bas a flourishing practice as a management consultant and be's interviewed 550 Fully Effective Executives (FEEs) before writing this treatise. So someone must appreciate bis epproach...

FEEs always "pause, choose and stay positive" (remembering, of course, tbat "nothing ever happens by osmosis"). A sense of "inner reality" guides them and belps them to keep a sense of perspective when all around them bave lost theirs and are going bananas. FEEs are the kind of peopla who know to say to themselves when things are going really bedly. "I always keep my resume updated and ready for action. It's Plan B time."

It's not exactly that the author is wrong. No doubt it does pay to stay calm, to listen, to make up your mind quickly and heve a realistic sense of your limitations and your company's. What dulls the senses in books like this is the way the message is packaged and unfailingly accompanied by doubtful graphs and matrices.

Dr Kushel says that a mere 4 per cent of all executives use the execupower principle fully. The rest, in varying degrees, are overwhelmed hy self-defeating thoughts or irrational fears. How does the author know? Well, he has "conceptualised inductively" his principle, wbich, I think, means that he has listened to a lot of people and found out what they have in common.

Like ao many of the other self help primers that managers are offered, it is all beguilingly simple. Perbaps it is. But next time I've got six things to do by lunchtime I'll try the Calming Self Talk Method. I'll "experience my spinal column," realise that "my buttocks are very heavy and tired," pause for 10 to 15 seconds, "halance my inner compass" and "awake completely relaxed and refresbed." Or not, as the case may be.

The 4%, by Dr Gerald Kushel. Sidgwick & Jackson. £7.95.

David Bell

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Product management, Bradford. March 24-29. Fee: £430. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire. BD9 4JU. Tel: 0274 42299.

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Executive secretaries, London. April 15-17. Fee: £375 + VAT. Details from Monadnock International, 79 St John Street, London EC1M 4DR. Tel: 253 5909. Telex: London 299180

6th national conference on computers for maintenance managers, London. April 16-17. Details from the Conference Manager, Conference Communication, Monks Hill, Tilford, Farnham, Surrey, GU10 2AJ. Telex: 858823 TELBUR G.

The FT euromarkets in 1985 conference, London. April 1-2. Fee: £517.50. Details from the Financial Times Conference Organisation, The FT Euromarkets in 1985 Conference, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Preparing to go public, London. March 28. Fee: ESC Members £141.45; Non-members £166.75. Details from European Study Conferences, Kirby House, 31 High Street, East Uppinghem, Rutland, Leicestershire LE15 9PY. Tel: 0572 822711. Telex: 341352 EURCON G.

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FINANCIAL TIMES SURVEY

Friday March 1 1985

The Disabled at Work

A big drive starts this year to obtain a better deal for the disabled already at work and to improve the outlook for the provision of jobs

Towards a fairer deal

By ALAN PIKE

TREVOR HUMPHRIES

Or Oavid de la Motte (left), a victim of polio, designed this computer-based staff training room for the London Electricity Board which won the board a Fit for Work award for employing qualified disabled people. With Or de la Motte are his assistants Ooug Pell (centre) and Geoff Bloom

THE MONOGLOT Britisb sales representative, scouring Japan for orders without being able to speak 12 words of the language, is a handicapped person at work.

So, for that matter, is the personnel manager who bas to reach fnr a disability aid—spectacles—in order to read a potential recruit's job application form.

These are not normally regarded as examples of disability. Declining eyesight and failure to speak Japanese are handicaps which tend to be tolerated. But, physically and mentally disabled jobseekers nften have a different experience.

If the application reaching the spectacle-dependent personnel manager is from a disabled person, there is a disproportionately high chance that it will be rejected—even though many disabled people can and do make a full contribution in employment.

This year sees a major effnrt tn obtain a better deal for the disabled at work, and in search of jobs.

The Manpower Services Commission has, with the support of the Government and both sides of industry, launched a code of good practice on the emplnyment of disabled people, and will be campaigning to get the principles behind the code accepted throughout industry and commerce.

On March 21 the TUC will hold a seminar in London to launch e new guide on the employment of disabled people, telling trade unionists what they should do to give the disabled a fairer deal. In April, the Royal Association for Disability and Rebabilitation is tn conduct a campaign aimed at employers.

Meanwhile, the Government is reviewing the effectiveness of tha quota legislation under which employers with 20 nr more workers are generally expected to include at least 8 per cent of disabled people among their workforces.

Difficulty

Disabled people wbo lose their jobs are likely to remain unemployed for twice as lnng as nther job-seekers. Because of their difficulty in finding work they often have to accept employment in unskilled, low paid occupations which do not reflect their true experience or ability.

Evidence suggests that a large number of companies, particularly at senior management lavel, believe that thcy do, or at least should, treat disabled people on an equal basis with other applicants when job vacancies arise. Actual recruiting, however, is often carried out below senior management level, and misunderstanding about the capabilities of disabled people and sheer prejudice often take over.

The new code nf practice recognises these two levels of responsibility—part one is directed at company directors and senior managers, while part two tells personnel and other line managers bow to put policy into practice.

Undar the code, employers are urged to involve all managers and staff, through appropriate consultation, in the development of a "sound and effective policy" towards employing disabled people. Disabled job applicants should know that they will be considered solely on their ability to do the job, while the company sbould develop a policy for retaining employees whn become disabled in suitable employment.

The latter point is particularly important. It is not always appreciated, as the TUC will be stressing in its guidance to unions next month, that the majority of disabled people develop their disabilities during working life.

A third element of the code of practice stresses that employers should develop the skills and potential nf disabled employees to the full by ensuring that they receive training and promotion opportunities according to their abilities.

The code of practica is voluntary, and supplements employers' legal obligations. In broad terms, the law requlres employers with 20 or more employees to include among their staff a quota of registered disabled people—usually 3 per cent. An employer wbo is below quota may not engage anyone otber tban a registered disabled person without first obtaining a permit to do so from the local Jnbcentre.

Quota legislation

Companies employing more than 250 people are also required to include information about the employment of disabled people in their annual reports.

The qoota legislation is the subject of some controversy. When Mr Norman Tebbit was Employment Secretary, be decided that it sbould remain in force for the time being. Its effectiveness is now being assessed by the MSC before a further report to ministers.

One drawback to the legislation is that a large proportion of disabled people do not register under the Disabled Persons (Employment) Act's voluntary registratinn scheme.

Indeed, thera is nn certainty bow many disabled people are either employed or seeking work—particularly since many, like those suffering the effects of heart attacks or mental illness, do not conform with the standard public stereotype of the disabled.

There were more than 200,000 known disabled people registered with Jobcentres before the abolition of compulsory registration in 1982, and there are probsbly more than 1m disabled people in the workforce. Nearly 70,000 disabled people found work through Jobcentres last year, and MSC services to the disabled cost £112m.

Another deficiency of the quota legislation is that, even if employers were to observe it in a mathematical sense, it carries no guarantee that disabled people will be given fair consideration for promotinn and training opportunities.

The TUC regards the legal requirements of the quota legislation as "somewbat limited," and accepts that there are serious inadequacles and difficulties in the enfnrcement of the quota scheme. But it does value the existence of the legislation as giving official backing to the principle that disabled people should bave a fair share of available jobs.

If insufficient registered disabled people can be found by a particular employer to fulfil the quota — one of the criticisms that is sometimes made of the legislatinn — the TUC urges union negotiators tn persuade companies to take on disabled people whn are not registered.

A year before the appearance of the code of practice the Confederation of Britisb Industry prodoced its own guidelines — "Employing Disabled People" —which advise employers on how best to belp disabled ond handicapped people seeking work. Many of the suggestions in the CBI document, like the introduction in companies of a stated policy on the employment of disabled people, are taken up in the official code.

The CBI regards the quota scheme as ont of date. It would welcome a voluntary approach, using encouragement and information to persuade employers to take on more disabled people. The threat nf sanctions, says the CBI, is unlikely to improve the response rate nf reluctant employers.

Given the donbts about the legislation, is there a case for making tha more ambitious, far-reaching code of practice statutory rather than voluntary? Mr Bryan Swindell, bead of the MSC's services for the disabled, says that the commission considered a legally enforceable code in 1981, but it failed to find favour with organisations representing disabled people.

"The law is a minimum base line. The code invites employers to take on obligations beyond the minimum requirement. It is never easy to change attitudes, but the message we are trying to get to employers is that if they simply keep to the minimum legal requirements they will lose the opportunity of employing some excellent, dedicated people."

Exhortations

MSC exhortations to employers to give disabled people fairer opportunities are backed np by a range of specialist services and financial support. A Disablement Advisory Service has recently been establisbed to help employers understand wbat is involved in recruiting disabled people and point them towards a series of special grants wbich are available.

A starting point for tha work of the service is to stress that many disabled people can be employed and can do normal work, without the need for any special facilities.

Another new service which the MSC plans to pilot this year is the Vocational Assessment Team. A group of specialists from medical, industrial and social work backgrounds will spend up to two weeks with a disabled person belping him or her draw up a personal plan fnr the future. This might involve getting work experience, training, education or joining the Community Programme. Areas where the pilot scheme is to be intrnduced include East Ham in London, Wrexham and Gillingham.

One of the major annual campaigns to draw employers' attention to the need to give disabled people fair opportunities is the Fit for Wnrk Awards scheme. The latest awards were presented by the Prime Minister, and sbe used the occasion to unveil the code of practice.

Obviously, not all disabled people are able to obtain or retain work in the normal employment market, and last year the Government contributed £71m gross to the provision of sbeltered employment for the severely disabled.

Sheltered jobs

The bulk of this went to funding Remploy—the publicly-owned company which provides jobs for nearly 9,000 of the 15,000 disabled people in sheltered employment—and the remainder to local authorities and voluntary organisations.

Although the people in sbeltered employment are severely disabled they—like disabled workers in outside organisations—make a real and major contribution to the economy. As Remploy, Britain's biggest employer of severely disabled people, remarks in one of its publicity brochures: "To those who think that the severely disabled work nnly at weaving baskets, the kind nf work that Remploy does comes as something of a shock."

PROFILE: REMPLOY

By ALAN PIKE

Competition but no redundancies

REMPLOY directors and employees take prida in tha fact that they operate in the real industrial and commarcial world. They win orders not out of charity but because of the quality of their products and services.

The report from Remploy, Britain's government-sponsored company which provides sheltered employment for severely disabled people, could be that of any conventional business.

"Tha company maintained its growth of sales during the year, achieving a 13 per cent increase over the previous year. This was a good performance against the general economic background where price levels increased by only about 5 per cent.

"What made this growth more remarkabla was the large amount of structural change within the company; some 24 out of 94 production units were engaged in a major change in the type of product.

"A Four-Year Plan bas been developed through the participation of all levels of management. This plan aims to increase sales in existing successful areas of business and to substitute more profitable business for those activities which are the cause of the present deficit."

As these references from the annual report illustrate, the commercial spirit is motivating a drive within Remploy to increase efficiency by moving into new areas of activity.

The Disabled Persons Employment Corporation, as Remploy was known in its first few years, was set up 40 years ago nnder Ernest Bevin's Disabled Persons (Employment) Act at the end of World War II. Air Commodore George Venn, its first Executive Director—who died last year at the age of 91—laid the foundations of the company with the aid of a single civil servant seconded from the Ministry of Labour, and a disabled ex-serviceman from the Eighth Army.

In 1946, the new corporation's first factory opened at Bridgend, South Wales, to be followed by 35 more in 1949. Today, Remploy provides employment for nearly 9,000 disabled people in 94 production centres and some homework units.

It is managed by a 16-strong board—seven executive directors and the rest drawn from industry, tha trade union movement and social services.

"We are a commercial business which happens to employ disabled people," says Mr Donald Barnes, Remploy's new businesses director. "Wa never ask customers to do us e favour, and give us orders because we employ disabled people. We sell professionally and win business only if tha price, quality and dalivery are right."

This said, Remploy is obviously not entirely like any other company. Severely disabled people cannot be expected to have the same productivity levels as fit workers—they are expected to offer at least one-third of the output of the able-bodied—and this means the company requires government subsidy.

Last year this amounted to some £44m but the net cost to the Exchequer, after account is taken of factors like incoma tax paid by Remploy employees, works out at about £10m.

The fact that Remploy is a fully-fledged, genuine trading organisation shows in its turnover, which is about £60m. It also abows in its list of customers—a huge collection of bousehold names including Boots, Britisb Rail, Debenhams, Esso, GEC, GKN, Habitat, ICI, Marks and Spencer, the National Coal Board, the Netherlands Government, J. Sainsbury, the Post Office, Thorn-EMI and Unilever.

Three groups

Remploy is organised into three main trading groups covering furniture and medical equipment; packaging and assembly and leather and textile products. Because of the need to provide employment near to disabled people's bomes, the company has a large number of relatively small factories scattered throughout England, Wales and Scotland.

Products and services supplied by Remploy are as varied as its list of customers suggests. They include furniture, wheelchairs, immersion beaters, travel goods, bookbinding, carton and box manufacture and food processing. Remploy both supplies own-brand goods for customers and manufactures and markets its own prodocts.

The company tries to gear activity in its factories with the industrial culture of particular areas. So in the West Midlands, Remploy factories have often supplied tha motor industry, and in the East Midlands have been involved in tha knitwear trade.

Hugh Routledge

Mr Donald Barnes, executive director of Remploy, examining the work at the Acton factory.

In spite of the changing fortunes of many of the industries it supplies Remploy has never—unlike so many of its customers—made employees redundant.

This is partly because of the efforts of a strong and active training department wbich is available to equip workers who would risk redundancy with new skills. It is also because of a new policy to overcoma the effects of decline in some of the traditional Remploy areas of activity, like furniture manufacture, with a programme to exploit new markets.

Two of the first diversification ventures were into borticulture and ice cream production. Remploy is now the largest contract manufacturer of choc ice bars in the UK.

Since early last year, Mr Barnes and a small team hava been working full time on the identification of new businesses for Remploy.

Specialist laundry services, the printing and processing of latex-based products, establishment of clean rooms in Remploy factories to produce hospital dressing packs under sterile conditions and a cook/chill food preparation unit are now being developed.

"Wa have to get into new areaa of activity as the economy changes," says Mr Barnes. This need coincides with an increasingly commercial ontlook which has developed in Remploy over the past ten years.

"Our experience and reputation belp us to attract partners in new business ventures—it can often be more economic for customers to work wlth Remploy on part of an operation than provide their own in-house facilities. There are, for example, two or three national catering organisations interested in working with us on the food preparation project."

Another aspect of Remploy which is similar to other more conventional companies is its industrial relations structure. Many Remploy employees are trade union members, and 11 unions are represented within the company. Three sets of negotiations take place—for manual, clerical and managerial grades.

Bonus payments

The manual unions agree an annnal Remploy rate for factory workers, and this is then topped np for many employees by a job rate and bonus payments. At present the basic rate is £70-£72 per week. Average earnings are around £85, with some workars receiving above £100 for a 38½ hour week.

In Remploy factories today the proportion of workers who fit the frequant public perception of the disabled—people with limbs amputated or confined to wbeelchairs—is a relatively small one. About 42 per cent of Remploy'a workforce are nowadays suffering from some form of mental or nervous handicap, and the proportion of employees wlth non-physical disabilities is growing.

A doctor is attacbed to each Remploy factory, and links are maintained with local social services anthorities. But as Mr Trevor Owen, Remploy's managing director—wbo joined the company from ICI—stressed in a speech to a conference on "Ethical Issues in Caring," Remploy is not essentially a caring organisation.

"Yes, we have to care and we do care. But we don't let it show too much and care is not primarily what we offer to the people who come to us. Severely disabled people are of course entitled to be cared for if they want to. The lesson to be learned from Remploy is that most of them prefer to work."

Aid for job promotion schemes

JOHN SULLIVAN leads the Manpower Services Commission's Disabled Advisory Service team based at Welwyn Garden City, Hertfordshire.

The DAS, set np two years ago to complement the MSC's provision for the disabled, is aimed specifically at employers. Staff such as Mr Sullivan give companies advice on the assistance which is evailabla to employers of disablad people—like, for example, grants towards the cost of converting premises or equipment.

Tha files of the Buckinghamshire and Hertfordsbire area of the service covered by Mr Sullivan and his colleagues illustrate bow, often for a very small capital outlay, disabled people can be given special assistance wbich sometimes transforms their working lives:

- £40 for a talking calculator for a Youth Training Scheme trainee
- £1,200 for an engineering inspector'a closed circuit television
- £1,732 for an electric wbeelcbair for a project engineer
- £500 to provide e telephonist with a speecb output system on the switchboard
- £3,500 to install a passenger lift at the workplace of a disabled stock control clerk
- £2,900 for an electric eye system, which translates print into moving needles to be read by the fingertips, for a blind secretary.

Although mnch of the equipment is relatively standard, each case for which it is supplied is unique. Disabled people who bave benefited from the Disablement Advisory Service in Mr Sullivan's area include Mr Jeremy Browne, a blind solicitor at Cbesbam, Herts, wbo is the secretary of the Society of Blind Lawyers.

Office manager

Mr Browne consults legal authorities on tape while his colleagues are using books, and says be has never encountered a client wbo bas refused to be represented by him because of his visual handicap.

Mr Adam Thomas, another of Mr Sullivan's clients at Chesham, has been belped to start up his own kitchen furniture design company working from home. A motor cycle accident left him confined to a wheelchair, but the training from his previous employment is now enabling him to run his own business.

In Watford, Mr Michael Walliker is office manager of a firm of chartered accountants. He has been severely handicapped by multiple sclerosis for a number of years, and four years ago lost the use of bis hands. Bnt with the support of voice activated tape recorders, an automatic page-turning machine for documents and a portable boist in his office, be has been able to continue his normal work and supervise staff.

He will shortly be leaving his present firm of chartered accountants to work on bis own.

Mr Sullivan sees these examples and other like them as proof of a statement whicb at first seems a trita cliche, but whicb is frequently voiced by people involved in providing employment opportunities for the disabled. "Disabled people do not take disabilities to a potential employer, they take abilities. Disability can itself be regarded as an ability whicb increases an employee's motivation and sense of commitment."

Real contribution

The DAS, be stresses, does not exist to persuade employers that they bave a social responsibility to "carry people" wbo are unable to work. "We are trying to matcb people wbo have a real contribution to make to suitable jobs."

Mr Sullivan and his team are adopting a positive marketing approacb to try to sell this message in their area. Target areas are selected, and lists prepared of target companies.

Wide-ranging presentations are then delivered, explaining how an organisation's manpower and industrial relations policy, corporate image and legal position can all be enbanced by ensuring that disabled people are given fair consideration for job vecancies.

MSC support for the employment of disabled people is not restricted to providing grants to adapt premises and aupply specialist equipment. Other incentives include:

- The Fares to Work Scbeme, which provides grants of up to 75 per cent for the travel costs of severely disabled people who cannot use pubtic transport;
- The Job Introduction Scheme, under wbich the MSC contributes towards the aalary of a disabled person during a trial period witb an employer;
- The Personal Reader Service, which paya for a part-time reader to help blind or partially sighted employees cope with their particular problems at work;
- Financial assistance towards the cost of providing training for disabled workers.

Alan Pike

Mrs Rhoda Carratt is secretary to a British Telecom senior executive in a specially-planned office which, through advanced electronic equipment and a modified computer, lets her use her fingers as others would use their eyes. Because she is blind Mrs Carratt reads information on a word-processor through a speech-processor, Braille terminal and an Optacon electronic reader. She also uses Telecom Gold, Prestel, a Torch computer and a specially adapted typewriter. Her boss, Tony Knight, selected Mrs Carratt from several applicants and then worked in his spare time to help modify the office equipment for her needs. A grant was available towards the Braille terminal.

CHARITIES

By DAVID CHURCHILL

Sponsors of many training courses

BRITAIN'S CHARITIES are becoming increasingly active in their role in helping disabled people of all types to find employment, a higher level of activity made all the more important by the impact of tha economic recession on the jobs market.

A major campaign, for example, is sbortly to ba launched by the Royal Association for Disablity and Rehabilitation (RADAR) which is a charity particularly concerned with belping the disabled find work.

Their campaign, whicb starts on April 15 and lasts for two weeks, is called "Employability '85" and is aimed directly at encouraging employers to recruit more disabled people and to retain those employees who become disabled wbile working for their company.

A major part of the campeign will be to bold five conferences for employers. Most conferences which deal with the employment of disabled people, points ont RADAR, attract representation from voluntary organisations and other welfare bodies. The format of tha five conferences RADAR is organising will mean that they apply only to those involved in the formation of employment policies.

Special scheme

The conferences will take place in London, Manchester, Wakefield, Birmingahm and Newcastla and those speaking will include disabled people, employers in large or small companies, and a representative from the Governmant and the TUC.

The campaign is also supported by the Royal Society for Mentally Handicapped Children and Adults (MENCAP), the National Association of Mental Health, and Remploy.

MENCAP has, since 1975, run a special scheme in conjunction with local euthorities (and latterly the Manpower Services Commission) called the Pathwey Employment Service. This introduces employers to mentally handicapped people and ellows them to take them on as employees, without cost, for a probationary term before fully committing thamselves.

Employers receive relmbursement of all wages paid for a trial period of six weeks, with a possible extension to 12 weeks. At the same tlme, they are asked to recommend a "foster worker" (wbo is paid a weekly gretulty) who would be sympathetic to the needs of the employee and help them adjust to open employment.

USEFUL ADDRESSES:
Mencap: 123, Golden Lane, London, EC1.
Radar: 25, Mortimer Street, London, W1.
RNIB: 224, Creat Portland Street, London, W1.
The Spastics Society, 12, Park Crescent, London, W1.

The foster workers are the key to the success of this scheme. They supervise and support the mentally bandicapped employees in their new jobs and help them copa with all the other things involved in going out to work, such as finding their way round, clocking on, and collecting and checking wages.

Before this stage is reached, bowever, each Pathway employee should take part in a pre-work preparation programme. This is a social educetion and training courses based on an assessment of the individual's abilities and potential made by a panel of experts.

The preparation course aims to make the most of what trainees can do well, while helping them with things they are not so sure of. By tailoring the course in this way, the trainees become more self-reliant and independent so that they gain the confidence to tackle what may be their first job.

Employers who have problems with the scheme can take advantage of Pathway's full back-up service wblch offers advice and liaison between employers, employees, pareots, and so on. This support continues even after the initial introductory period.

As a result of the Pathway scheme, mentally handicepped people now work as industrial assembly workers and operators, domestic assistants in a wide range of establishments, hotel porters, warehouse assistants, supermarket workers, sewing macbinists, general labourers, trainee gardeners and bakery workers.

They earn the normal rate for tha job and they ere expected to adbere to the same standards of bebaviour and achievement as any other worker.

"I took a chance and it turned out for the best, we couldn't have hoped for a better lad," is the comment of a hotel manager employing a Pathway worker.

The Royal National Instituta for the Blind points out that there are several thousand blind paople in the UK who work in industry, commerce, and the professions.

"In most cases," the RNIB says, "someone who loses his or her sight can carry on working after a short spell of rehabilitation and retraining—some in their old jobs."

There are two residential employment rehabilitation centres in the UK which cater for blind people, at Ceres in Fife and at Torquay. Both help men and women who have recently lost their sight and want to return to work.

Courses last up to three months and includa braille, typing, mobility and daily living skills. There are activities to develop manual dexterity and residents learn to use equipment specially designed to help blind people at work.

For the blind

There are a number of other useful courses for blind people to belp them find employment. The Queen Alexandra College for the Blind in Birmingham, for example, runs a two-year course for visually handicapped people in machine operating and inspection.

The RNIB commercial college in London runs residential training courses in shorthand typing, audio typing, computer programming and tha use of the Optacon whicb converts print to a tactile form.

When blind people start work in factories, Blind Persons Training Officers are responsible for "on the job" training to make sure that tha worker can do his job safely and efficiently and can find his way around.

The Spastics Society also runs training courses and bas a careers advisory service for disabled people. However, it is also taking part in a major lobbying effort to change people's attitudes to the disabled, especially ebout employment.

The society is campaigning for the introduction of anti-discriminetion legislation which it bopes will also cover employment. It lobbies MPs and works closely with the Manpower Services Commission and other bodies whicb make policy affecting the employment of disabled people.

Disabled people are also directly employed by the Society and it ia at present developing its own employment policy to increase the numbers it can employ.

Raymond Snoddy examines the benefits offered by technology

Wider range of aids

THE DEVELOPMENT of technology and microelectronics is promising to open up a better world for the disabled.

Early progress came from environmental controls — electronic methods of unlocking doors or switching off lights—to help the severely disabled look after themselves.

Now such devices as word-processors fitted with voice synthesisers and closed circuit television for the partially sighted are anabling more disabled peopla to further their edncation and in many cases go to work.

"What we are doing is trying to make it possible for disahled people to compete on equal terms," said Mr Tom Layden of the Manpower Services Commission.

In the longer term microelectronics might even hold the key to enabling the paralysed to walk again through microchip implants which would "fire" useless muscles—although many practical difficulties still stand in the way of that dream.

One of the best established companies in tha provision of aids for the disabled is Possum Controls of Slough, a company wholly owned by charities but which has grown to a turnover of I£1.5m a year.

Accountant

Possum has prodnced a whole range of equipment from simple page turners to alectronic devices controlled by a movement a person can make. however limited .They range from computer and typewriter control systems to text processing systems.

One Possum user, Mr Ken Winter, who is severely disabled, runs his accountancy firm on Possum equipment controlled by sucking and puffing on a tube.

Mr Winter also runs the Possum Trust which links Possum users.

Possum has also been working on better systems to allow the deaf to participate in meetings and conferences.

Possum launched last year a computer-aided Palantype system which allows verbatim speech to be electronically recorded and then turned into English. This can then be displayed on a television screen or large monitor . Tha speecb can also be produced in printed form.

The new system bas a dictionary of about 12,000 words and produces speech to an accuracy of 95 per cent. Trials bave already been run where deaf people were able to use the telaphone via a Palantype bureau which translated the reply visually on the television screen.

Mr David Gemmell, Possum managing direction, believes that the problem is not about technology but about bow the benefits offered by technology can be funded.

Companies such as Alphavision of Marlow in Buckinghamshire are using television technology to come to the assistance of the partially sighted. Alphavision, which was set up 1979, produces closed circuit television systems, complete with zoom lens which allows print or drawings to be projected on the television screen.

Visual aids

"Because of the zoom lens yon can make the size larger or smaller at a moment's notice if you have any problem reading a letter," Mr David Gibbons, Alphavision managing director, said.

The company has sold more than 700 systems in the UK and they are being used to enable everyone from doctors, teachers, company secretaries and computer programmers to continue working despite their visual disability.

But it is probably the falling price of microcomputers which is opening np the greatest possibilities for the disabled.

A compnter training workshop at Stoke Mandeville Hospital near Aylesbury in Bucks bas been having growing success in helping severely disabled people to live more normal lives. In the past 18 months eight patients paralysed in all four limbs who have attended the workshop have left bospital and are working mostly using computers at home.

Patients use everything from short sticks fastened to eacb arm or mouthsticks to control microcomputers and do accounts or word processing. As a result former patients hava been able to return to jobs at Plessey and Lloyds Bank.

Computers are proving just aa beneficial to improving the lives of tbe severely visually handicapped.

A Hereford company, Pathway Communications, believes it has prodnced the first portabla computer-based device enabling people to type in braille, have the braille translated into English and then turned into a speech synthesiser.

The device, developed by Louis Wolfson and Peter Wagner also provides an immediate print-out from its own printer.

The system is being used by people such as blind social workers and college lecturers to write reports and produce notes. "For the first time in their lives blind people are able to prepare reports without using sightad typists," said Mr Woolfson, an engineer and former director of the national computer centre for the visually handicapped.

Dr Tom Vincent of the Open University has taken a different route to a fairly similar end. Dr Vincent, of the OU's Institute of Educational Technology was faced with the problem of how to belp the 200 visually handicapped undergraduates in the university.

Dr Vincent approached the problem by using existing computer technology to produce a workstation for the visually handicapped. The package includes a traditional Perkins Brailler, a microcomputer (often the BBC Micro) complete with synthetic speech.

Tbe workstations, mounted on a trolley, bave also been introduced to schools to belp visually handicapped children. And talking versions of Basic computer language have been produced to teach such children computing.

Some of the country's 500 blind physiotherapists are using the workstation. One has recently been promoted to be a district physiotherapist and the workstation helps to cope with the administrative part of the job.

BBC Micros are also being used to improve the quality of life for patients with spinal injnries at Scotland's Edenhall Hospital. The computers are being used for education and communication.

But they are also being used for research into computer-controlled muscle movement.

Over the next 10 to 15 years there are hopes that further development and miniaturisation will produce a device which will mimic parts of the nervous system which will either be carried by the patient or implanted.

Above Dr Tom Vincent watches Wendy Kerton, a blind schoolgirl from Glamorgan using his micro computer system which converts braille into print and print into speech. This invention won the £500 prize by Radio 4 for the best invention for the blind. Below: the Possum text processor in use; Possum has also been working on better systems to allow the deaf to participate in meetings and conferences.

Alan Pike looks at the role of the Fit for Work awards

Realists with a winning streak

FIT FOR WORK awards by the Manpower Services Commission were initiated in 1979 in an atempt to make employers more aware of the potential of disabled people as good, productive employees.

Winners of the awards, whicb are sponsored by the Government, TUC and Confederation of Britisb Industry, may use tha Fit for Work symbol on their stationery for three years and are awarded a plaque for display at their premises.

The latest awards attracted 340 entries and thare were 100 winners. Successful companies bave to demonstrate that they are implementing constructive policies based upon six guidelines:

- Full and fair consideration of disabled people for all types of vacancies
- Retention in employment of newly disabled people wherever possible
- Eqnal opportunities for tha disabled in training, career development and promotion
- Introduction of special aids, modification to equipment and job restructuring if necessary to belp disabled people;
- Adaptation of premises where necessary;
- Co-operation with local Jobcentres.

"The employers who have won the award are not philanthropists but realists," says Mr Geoffrey Holland, director of the MSC. "They know that it makes sound business sense to employ disabled people."

Difficulties

There were almost no jobs from which disabled people were precluded on grounds of disability, added Mr Holiand, but they faced difficulties because their capablities were not always appreciated.

The award winners vary in size and nature of business from organisations like Micbelin and the Halifax Building Society to the Brynwood Screen Printing company at Kinmel Bay, Clwyd, which bas a policy of employing only disabled people on its small staff.

Some organisations, like Scarborough Borough Council which bas the second highest percentage of disabled people of all district councils in the country, have written policies designed to ensure that existing and prospective staff do not suffer discrimination because they are disabted.

Another award winner, Bally Shoe Factories at Norwich, removed the question asking potential employees whether they suffered from any disability from its job application form two years ago.

East Yorkshire Health Authority baa launched a campaign to encourage more disabled people to apply for job vacancies. It bas a policy of actively seeking to employ the disabled—but finds that disabled people are disconraged from applying because they believe the health and hospital services are unlikely to want employees with physical or mental handicaps.

In South Yorkshire, W. Tyzack and Sons and Turner, an engineering company, took on a number of Youth Training Scheme trainees from schools for the educationally sub-normal as part of a pilot YTS scheme. It bas retained two young people as permanent employeea and says they are making a valuable contribution.

Sometimes employers make arrangements for employees to continue working at bome if they are no longer able to travel to their offices or factories. Ross Foods at Grimsby equipped a home office for a technical employee who suffered a severe spinal condition.

The London Electricity Board has 300 disabled employees at various levels in its origanisation, and was commended in the awards for the "skilled and caring fashion" with whicb it employs people with bandicaps. Dr David de la Motte, a scientist with a severe bearing impediment, designed the board's computer-based staff training system.

On one occasion the board designed part of a new building around the needs of a disabled person so that he could continue his job, and at Bexleyheath London Electricity bas set up a Sheltered Industrial Group for severely disabled people.

UK COMPANY NEWS

ICI passes £1bn and confident of more growth

Imperial Chemical Industries has lived up to expectstions and becomes the UK's first non-oil major to pass the £1bn profit milestone.

Mr John Harvey-Jones, group chairman, yesterday unveiled a taxable profit for 1984 of £1.03bn, whicb fell in the middle of City forecasts.

The announcement was in contrast to the previous year's when s figure of £919m fell somewbat short of wbat the City had in mind.

At lsst nigbt's close the shares were 21p lower at 835p, givlng e market cepitalisation of around £5.17bn.

The dividend is being slepped up from 24p to 30p with e final payment of 18p, in line with the profits improvement and tha company's future expectations.

However, to restore the dividend to tbe level of 1979 plus inflation would require a payment of arouod 34p a shara, said Mr Alan Clemeots, financc director. But the cbairmen added "we are still hesding there."

Earnings per sbare were 32.9p higher at 98.2p.

ICI is setting its sigbts on a repeat £1bn plus performance for this year. "We are moderately pleased with the first quarter of the current year and we will all be disappointed if de don't do belter ln 1985," the cheirman said.

He said that ICI was expecting a downturn in activity, but commented thet "volumes seem to be holding. There was some sign of price weakness at the end of last year but the posilion seemed tn be holding at the presenr moment."

ICI had got out of most areas where it was vulnerable to a downturn, be said.

"I am not looking for anything like the swing we have experienced in the past even if I take a pessimistic view."

All of ICI's business sectors contributed to the 97 per cent improvament in 1984. Pharmaceuticals, agriculture, general cbemlcals, industrial explosives, and paint businesses "all registered solid gains."

The biggest improvement was ln the petrochemicals and plastics area, where last year's £7m trading toss was transformed into a £138m profit.

Fibres also returned to the bleck and while the colours business was disappointing, polyuretbanes performed well.

Total turnover ln 1984 was just short of £t0bn at £9.91bn compared with £8.26bn. Cbemicals accounted for 89 per cent (90 per cent) and oil the remainder.

Chemicals' turnover rose by 7 per cent in the UK and 23 per cent oversess where 73 per cent of group chemicals sales were made. Selling prices were 4 per cent higher and fevourable exchange rates movemants added a further 9 per cent — the remaining increase represenled higher sales volume.

Group tradlng profits rose from £693m to £1.06bn, with improvements made in all geographical aress. Profits earned on sales from UK assets were substantially better, boosted by a 23 per cent increase in chemicals exports.

The UK, througb home and export sales, contributed more than half of total profits. There was a doubled contribution from the U.S. as the pharmaceuticals, agrochemicals and plastic films businesses continued to progress.

ICI paid £100m, against £135m, in interest. Tax came to £373m (£201m) and there was an extraordinary debit of £20m (£19m) relating to the recently agreed disposal of the activeted carbon business in the U.S.

There was a £110m provision for deferred tax, which was esteblisbed by an adjustment to group reserves.

Retained profits for tha year will amount to £399m, compared with £231m, after the £186m (£147m) dividend cost.

ICI benefitted from the dollar/sterling rate, but volatile movements made lifa difficult. Mr Harvey-Jones pointed out, however, that "exchange rates were not the cause of our record profits but were probably worth around £100m."

Asked at what level he would like to see the dollar in tbe current year be said: "I would just like to see it stay somewhere."

Commenting on the Beatrice acquisltion in the U.S., he said it was fitting ln well and 'we are very pleased with the purchase."

He said the group was still looking for further acquistions but would not be rushed into buying for the sake of it.

At the end of 1984, ICI's net llquidity was around £630m. The group, said Mr Clements, was intendlng to kep a tigbt control on capltal investment, which he expected to be between £400m to £500m ln eacb of the next two years.

Enterprise in £14m N. Sea deal

9Y DOMINIC LAWSON

Enterprise Oil, the privatised former oil production arm of British Gas, bas made a £14m acqulsition of North Sea oil and gas assets.

It is the biggest deal yet made by the new oil company in its efforts to build a well-balanced exploration company out of a dowry of rapldly depleting oli production.

Enterprise ls acquiring Tanks Oil and Gas Holdings, the North Sea arm of Societe Generale de Belgique, Belgium's largest industrial group.

Its assets consist of interests in 12 blocks in the UK sector of the North Sea, and six blocks in the Dutch sector. This represents Enterprise's first move into the Dutch oil and gas scene.

The blocks contain e number of discoveries of oil and gas, and Enterprise has agreed to pay up to a further £4.5m, lf and when the discoveries are developed.

Enterprise was by no means the only company involved in bldding for the assets, whicb bad been put up for auction to the oil industry by the parent company. Other companies which are believed to have bid are Charterbouse Petrolaum, Berkeley Exploration, and Invent Energy.

Enterprises'e hid is not thongbt to have been the biggest, but it was prepared to pay cash for the assets, wbereas some of the other high blds involved tbe issua of shares as well as cash.

R P Martin future decided by £44m offer

By David Lascelles

R. P. MARTIN, one of the UK's leading money and foreign exchange brokers, has agreed to a £44m takeover offer by Quadrex Holdings, a privately owned investment banking group.

This follows months of speculation about the future of Martin during which there have been other unsuccessful takeover and management buy-out attempts.

Quadrex ls offering 450p a share, 30p more than the price at which Martin's shares were suspended on Wednesday. They closed last night at 435p, after rising ts 440p. Quadrex has received lrrevocable offers of 53 per cent of the shares. These include the 45 per cent beld by the German voting trust representing tbe interests of Bierbaum, the Dusseldorf broker with which Martin merged in 1981.

Formed in 1983, Quadrex is an underwriter and dealer in the international capltal markets, and manages investment funds. Mr Gary Klesch, the chairman, said yesterday that the company's interest in Martin stemmed from the increasing convergence of the Enromarkets and the foreign exchange markets as securities came to he denominaled ln, or convertible into, a variety of different currencies.

"This business is sttractive to us and we intend to expand it," ho said.

Quadrex, which has capltal nf U.S.$11m (£10.2m), will be financing the deal to the tune of £21m with funds from an esset management affiliate called Quadrex Special Situations NV. The remainder will como from bank loans.

Mr Peter Endres, the chief executive of Martin, said he supported Quadrex's offer because the company had given him assurances about Martin's continued independence. Martin's management had also been offered the chance to share in its fortunes through an attractive active share option scheme.

Mr Endres will stay on as chief executive. Mr David McWilliam, the London managing director, is on holiday and his plans are not known. Mr McWilliam only joined the company last year and had been trying to diversify its activities beyond the dollar-DM market wbere lt is the world leader.

The Bank of England, which oversees the foreign exchange and money markets, has epproved the terms of the deal, so Martin's status as a recognised broker will not be affected.

For the year ending June 30 1984 Martin reported a turnover of £35.3m and pretax profits of £9.3m. Shareholders' funds at the timo were £11m.

Life shares boosted by Budget hopes

Share prices of life companies rose strongly yesterday on growing expectations that the Chancellor of the Exchequer, Mr Nigel Lawson, in his forthcoming Budget will make no major changes to the tax freedom of pension schemes. The FT-Actuaries Index for Insurance (Life) rose 2 per cent to 609.46.

There had been widespread fears that Mr Lawson, as part of his overall plan to reform the tax system, would impose a tax on pension fund investment income. Even n low charge of 19 per cent would have severe repercussions on the attractions of pension schemes and could have led to widespread cutbacks by companies in their pension arrangements.

Not surprisingly, life companies have been at the head of a massive lobbying campaign to persuade the Chancellor not to take any drastic action on pensions tax. The market now feels that he will do iittle more than make minor adjustments in his Budget.

Companies with a major involvement in pensions showed the greatest rises—Legal and General np 17p to 605p, Equity and Law up 8p to 223p and Sun Life np 17p to 755p.

Lonrho/Fraser study complete

The Monopolies and Mergers Commission bas completed its nine month study into the relationship of Lonrho and House of Frser, the stores group, and Mr Roland "Tiny" Rowland's efforts to seize control of Fraser. A copy of the report was passed to the Secretary of State for Trade and Industry on Tuesday this week.

The Trade Department said yesterday that the report would be published "soon."

ALEXANDER NICOLL LOOKS AT BURNETT

Californian shock waves

JUST THREE years ago, Burnett & Hallamshire was nne of the fastest-growing companies in Britain.

Under the flamboyant leadersblp of Mr George Helsby, the company bad been transformed from a staid coal, oil and property group into an exciting international energy concern with a rapid series of scquisitions. Mr Helsby was known then to ask his staff: "Have we bought anything this morning?"

Rude shocks awaited both the company and lts shareboldersm. Several of its ambitious expansionary moves turned sour, and then came the miners' strike.

Nevertheless, the City thought tt bad seen the worst from Burnett & Hallamshire. Yesterday's announcement that the company was in talks with its bankers on lowering lts debt, coupled with news that reduction of lts exposure to Californian property interests wuold take "some time," came as a nasty shock.

The sharp drop in Burnett's share price yesterday was tha second time that lt had gone lnto free fall. Lats in 1983, Mr Eric Grayson, promoted from deputy cbairman after Mr Helsby's aarly retirement, was forced to inform the City that performance would not live up to expectations.

Mr Helshy, reporting pre-tax profit for the year to March 31 1983 of £30m—a ten-fold increase ln five years—forecast thet "further substantial growth will be achieved tn the current year and beyond."

Instead, pre-tax profits for the year ended March 31 1984 were just £8.8m. Earnings per sbare feli from 62.9p to 15.8p. And ln the first hslf of the current financial year, taxable income was down from £4.92m to £2.44m.

What went wrong? Burnett was a stock market idol through the 1970s—it was the decade's second largest gainer in terms of market capitalisation—and had expanded lts traditional door-to-door coal business lnto countries sucb as Colombia and Chile.

Tha boldest move, the purchase of 51 per cent of Rand London Corporation ln 1981, proved to be the group's first downfall. Rand London had about 640m tonnes of coal reserves, and deep-mined coking coal and anthracite in South Africa.

After issuing peper to finance the deal, and subsequently ralsing £32m through a two-for-seven rights issue in 1982, Burnett was forced to report losses from Rand London and to overseee e restructuring of the South African company.

Rand London's problems seem now to have been surmounted. In the first half of the financial year it returned to a R262,000 profit from e loss of R3.92m (£1.9m), and said anthracile exports were a trecord tevels.

After the disspnolntment of that acqulsition, the gloss was off the shares—many of wbich had been issued over the years to finance acnulsitions.

The next blow to ebereholders was naws that Buroett's lnvestments ln Californian property development hed also run inlo trouble. This was disclosed tete in 1983, when Mr Grayson reported that thare had been no contribution to profits tn tha first half-year compared with £9.4m in the previous year.

Burnett is involved ln half a dozen jolnt venture developnients in Los Angeles and San Diego, and has reorganised their management in order to have greater control of devalopments. It bas been trying to reduce its exposure there for some time, and until yesterday the City expected positive results quita quickly.

By March 31, 1984, group borrowings inclnded on the balence sheet, after snbtracting £15.9m cash in band, were £50m, representing 46 per cent of sharebolders' funds. But actual borrowings are bellevod to be considerably blgher because of off-balance sbeet loans to finance joint ventures sucb as the Californian property ventures.

Most recently, Burnett has been hit by the UK miners' strike. Although its targer opencast activities bave been unaffected, underground plts have ben hit by an overtime ban since November 1983.

Fuel reclamation activities and one out of two smokeless fuel plants have heen seriously disrupted. Burnett blamad the strike as the primary cause of its first half profit fall.

Despite Burnett's progressive fall from grace in the City, stockbroking anelysts hsve until now taken a fairly generous view of its management. There is respect for the way in wbich the company has tackled lts problems, and it clearly stands to gain from tbe end of the miners' strike. Scope is seen for growth in coal and oil distribution activities, and net asset value was last recorded at 280p per sbare.

Yesterday's news, bowever, eerved as a sbarp reminder of past illusions. The implication that some form of capital reconstruction is in view, perhaps involving a share price well below recent levels, will have crealed a nasty sense of deja vu and wili make a return to stock market favour substantially more difficult.

YEARS ENDING MARCH 31	TURNOVER (£000)	PRE-TAX PROFITS (£000)
1975	16,132	1,350
1976	19,362	1,874
1977	27,484	2,379
1978	35,111	2,663
1979	39,502	3,081
1980	78,115	7,424
1981	87,965	9,372
1982	171,517	18,839
1983	235,552	25,857
1984	232,235	7,975

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arbuthnot Gov 2nd int	2.75	April 15	2.75	—	11
Beradin	1.4	April 19	0.55	1.4	0.55
Brit Vending	0.59	—	0.42	1.05	0.77
T. Cowie††	1.75	April 11	1.2	2.75	2
Dewey Warren‡	5	—	—	7	—
FII Group int	2†	—	1.75	—	5.75
Fisons	2.7	—	2.25	4.5	3.75
Foreign & Colonial	1.68	April 19	1.63	2.55	2.38
Good Relations†	3.3	May 1	1.87*	4.9**	2.87*
ICI sec int	18	April 2	14	30	24
Newbold & Burton	1.54	—	2.62	3.08	4.19
Ratcliffs (Gt Bridge)	2.5	May 1	1	3.5	1.75
SAGA Holidays	2.7	—	2.61¶	4	5¶
Telefusion int	0.65	—	0.82	—	1.95

Dividends sbown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rigbts and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For sixteen months. ‖ For fifteen months. ** Adjusted for merger accounting.

Sanderson for sale as Reed plans disposals

By Martin Dickson

Reed International is to sell its wallpaper subsidiaries to Borden, tha large U.S. chemicals and consumer products company. It is separately offaring for sale Sanderson, one of Britain's best-known furnishing fabric manufacturers. If all tha disposals go through, they are likely to raise more than £40m.

Reed, which has been divesting itself of peripheral activities and UK papermaking interests, said the disposal of its entire decorative products group would allow it to concentrate on the faster development of other parts of the business.

An agreemant in principle has been reached to sell to Borden both Crown Wallcoverings, Reed's UK wallpaper subsidiary, and Sunworthy Wallcoverings, its North American subsidiary. These had a combined turnover last year of £64m and operating profits of £2m. Reed would not put a price on the deal but expects it to raise more than the £26m capital employed in the business last year.

Announcing that Sanderson was up for sale, Red said last night tht the company was a "bighly attractive property, festooned with royal warrants, that sbould prove very marketable." After losing money for years, Sanderson recorded an operating profit of just under £1m last year on turnover of £35m. Rad expects to raise more than the £13m of capital employed by the subsidiary last year.

The proposed sales come two weeks after Reed clinched a deal to sell Spicer-Cowan, its UK peper merchanting subsidiary, to Wiggins Teape for £10m.

Tha decorations businesses for sale eccount for less than 5 per cent of Reed's turnover. The group said last night thet its paint and DIY division, comprising Crown Paints and Polycell, remained in the mainstream of its international strategy.

These operations are very profitable, with good growth potential, but the company has been struggling for years in a shrinking market to make money out of wallpapers.

UK COMPANY NEWS

Fisons calls for £94m as profits rise by 55%

BY CARLA RAPOPORT

Fisons outdistanced most City expectations yesterday by reporting a 55 per cent increase in pre-tax profits for 1984. At the same time, the group asked its shareholders for £94.3m by way of a one-for-five rights issue, its second in two years.

The pharmacentical and scientific equipment group said the new capital would be almost evenly split between refinancing acquisitions and capital investment made in 1984 and financing new purchases over the next two years.

Profit before tax rose from £31.2m to £48.3m in the 1984 year, while sales jumped from £365.4m to £552.6m. Earnings per share in the year increased by more than 35 per cent to 19.5p. The year-end dividend was raised by 20 per cent to 4.5p net.

The City reacted enthusiastically to Fisons' announcements yesterday, with the shares climbing from 282p to 300p at the end of trading. The rights issue has been pitched at 245p per ehare. Fisons bas been one of the strongest industrial recovery stories in Britain in recent years.

In 1981, its shares were worth less than 50p; its pre-tax profits in 1980 were less than £4m. The group's improvement has been largely thanks to the disposal of its fartiliser division in 1982, a strong emphasis on cutting costs, and an aggressive marketing and acquisition policy.

Mr John Kerridge, chairman of Fisons, said that tha new

BREAKDOWN OF SALES AND ACTIVITY PROFITS

	1984 £m Sales	1984 £m Profits	1983 £m Sales	1983 £m Profits
Pharmaceuticals	198.5	31.2	158.2	25.0
Scientific equipment	291.1	15.8	101.0	5.7
Horticulture	63.0	5.8	49.7	3.0
Total	552.6	52.8	365.4	25.0

acquisitions were most likely to fall in the scientific equipment area. The group is interested in buying pharmaceutical businesses in the U.S. and Europe, "but these are few and far between, and very expensive," according to Kerridge. "I'm not going to spend 30 times earnings for junk," he said.

In the scientific equipment area, he said the company was looking for manufacturing business "in order to fatten up the margins." The emphasis would also be on finding companies with slightly higber technology in the scientific instrument field.

Mr Kerridge emphasised that the new acquisitions wou'd most likely be outside the UK, in order to maintain the group's international divisions of sales. The company currently has 80 per cent of its sales outside Britain.

Fisons spent over £60m on acquisitions last year, paying $50m for Curtin Matheson Scientific, a U.S. medical products distributions. As part of the deal, Fisons assumed $35m of its parent company's debt.

Fisons asked shareholders for £27.7m just two years ago by way of a one-for-five rights issue

Mr Kerridge said that the company does not plan to make right s issue "a predictable event." However, he added, "as long as the earnings per share are strong, then we've got a right to go to shareholders. Those who took up their share tast tima did'nt actually burn their fingers."

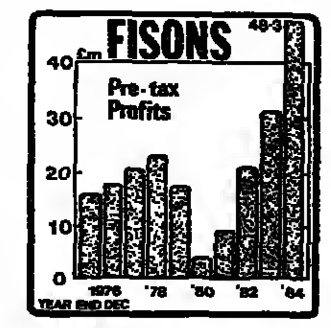
All the group's three divisions produced record sales and profits, sustaining growth through increased competitiveness in the market place, new product introductions, and lower costs from increasing efficiency, the directors state.

They add that of the record sales of £552.6m, some 60 per cent were overseas, with 43 per cent achieved in North America where all three divisions have a major presence.

Profits were boosted by 24.8 per ceot in the pharmaceuticals division, good growth being achieved in all mapor product and geographical markets, the directors say. Sales jumped by 75 per cent in the U.S. Intal, the anti-asthma product, sustained its pattern of growth while Nasalcrom, achieved an encouraging share of the bay fever market in its first full year in the U.S.

The division'e UK generic pharmaceuticat company, CP Pharmaceuticals performed well, while the Protea business in Australia maintained its leadership position in the generic market, the directors state.

They add that a "high level of investmeot" was continued in



researcb and development in the group's pharmaceutical sector during 1984.

In the scieotific equipment division profits jumped by 177.2 per cent, with sales up 188.2 per cent, and while the largest single factor was the contribution of Curtin Matheson Scientific Inc (CHS) the other operations of the division sustained growth and increased profitability.

Excluding CMS, which has met the group's initial expectations both in strategic and profit terms, the division showed a profit rise of 30 per cent. Some 70 per cent of the CMS business is in the supply of products to the baalthcare market, particularly in the field of diagnostic products in clinical laboratories, which has taken Fisons into "a new, growth area," the directors point out.

In the UK the laboratory supplies business, consisting of Gallenkamp, Fisons Scientific Apparatus and Fisons Environmental Equipment showed good growth, the directors state. Other noteworthy performances included those of Gebruder Haake, of West Germany, with record sales and profits; MSE, centrifuge manufacturing and instrument business in the UK; and a record year for the division's distribution business in New Zealand.

See Lex

BASE LENDING RATES

A.B.N. Bank	14 %	C. Hoare & Co.	†14 %
Allied Irish Bank	14 %	Hong Kong & Shanghai	14 %
Henry Ansbacher	14 %	Johnson Matthey Bkrs.	14 %
Amro Bank	14 %	Knowsley & Co. Ltd.	14½%
Armco Trust Ltd.	14½%	Lloyds Bank	14 %
Associates Cap. Corp.	14 %	Edward Manson & Co.	15 %
Banco de Bilbao	14 %	Meghraj & Sons Ltd.	14 %
Bank Hapoalim	14 %	Midland Bank	14 %
BCCI	14 %	■ Morgan Grenfell	14 %
Bank of Ireland	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Cyprus	14 %	National Bk. of Kuwait	14 %
Bank of India	14 %	National Girobank	14 %
Bank of Scotland	14 %	National Westminster	14 %
Banque Belge Ltd.	14 %	Northern Bank Ltd.	14 %
Barclays Bank	14 %	Norwich Gen. Trust	14 %
Beneficial Trust Ltd.	15 %	People's Tst. & Sv. Ltd.	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarntee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	14 %	Royal Trust Co. Canada	14 %
■ Charterhouse Jephet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	12¾%	TCB	14 %
Clydesdal Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrabi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp.	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Frsser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75%, £10,000 12 months 12.00%.
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

Connect start-up pushes Telefusion into the red

THE cost of launching its trading concept "Connect," helped to push Telefusion £367,000 into the red during the half year to October 31 1984. This compares with a £1.25m profit.

The interim dividend is down from 0.82p to 0.65p. Last year's total dividend, of 1.95p, was paid on profits of £2.39m. Losses per 5p share this half emerged at 0.44p (1.86p earnings).

This Blackpool-based company, which rents and retails electronic and electrical goods, merged its Telefusion and Trident outlets into "Connect" during the period under review.

The disruption caused hy converting over 200 showrooms bad an inevitable effect on sales, the directors say. Turnover, excluding VAT, for the half year fell from £47.13m to £42.15m, hnt they stress that in the current period sales have reached the level of the previous year.

Looking ahead, the board says that the "Connect" launch, and the continuing opportunities which it affords to reduce costs, will lay the foundations for growth in future years.

The pre-tax figure was struck after depreciation of £4.27m (£4.8m); interest charges of £1.46m (£1.16m); and the exceptional debit of £900,000 reflecting the set-up costs of "Connect."

Throughout the period the company has pursued the policy of lower investment in rental assets, and the directors say that this will result in a reduction of borrowings by April, the end of the company's "exceptional" year.

In addition, following the successful bid by Pleasurama, the group has received £2m on disposal of its interest in Trident Television, and this will be nsed to further reduce borrowings.

After a tax credit of £167,000 (debit £374,000) in the UK, and £1,000 (debit £18,000) from overseas, losses for the half year stood at £195,000 against a profit of £860,000.

● comment

No one expected a sizzling performance from Telefusion saddled with the costs of converting all its stores to the new Connect image but the £361,000 loss was still a bit of a disappointment. Trading in the new stores has varied from good prior to Christmas and in Sale time, to pretty poor during the cold spell. The increase in mortgage rates has not helped. Telefusion should break even and with luck achieve a couple of hundred thousand pounds at the pre-tax level for the year to April. Prospects for the coming year look far from exciting. Margins have been under pressure and there are no signs of an early respite. Competition between High Street retailers is tough with Dixons licking Currys into shape and Woolworth using its acquisition of Comet to strengthen its sales of electronic goods. On the rental side, Telefusion has being doing some tidying up of bulk contracts, and after a fallow period will be reinvesting in new equipment, though limiting the range to a couple of top brands. The shares fell 6p yesterday to 33p in recognition of the long up hill struggle ahead. If the final dividend is also cut by 20 per cent then the shares yield 6.8 per cent.

UK COMPANY NEWS

Good Relations up 53% as product PR side develops

REPORTING an increase of 53 per cent in taxable profits at Good Relations, Mr Anthony Good, the chairman of this public relations and edvertising agency, says that there was even more marked development of the prodnct public relations areas in 1984. The result was £1.35m against £877,000.

This follows the rapid growth of the financial and corporate public relations activities in 1983, when the group gained its full listing. The chairman considers the results under review represent a very successful year, with an encouraging rate of growth across the group.

The final dividend is in effect lifted from 1.87p to 3.3p for a higher total of 4.9p against 2.87p. Earnings per share are stated et 9.9p (5.5p). All figures are adjusted for the results of Paul Winner Marketing Communications, acquired last November.

Turnover rose from £6.83m to £8.83m, but the chairman states that if the figures are adjusted, by the exclusion of suppliers' charges rebilled directly to clients, a more meaningful revenue figure can be calculated for year-to-year and company-to-company comparisons. In 1984 this revenue figure amounted to £5.1m, an increase of nearly 46 per cent over the 1983 total.

After tax of £563,000 (£447,000) the net profit was boosted by an extraordinary credit of £215,000 (nil), to leave the ettributable halance at £997,000 against £430,000. Dividends will account for £389,000 (£217,000).

One of the highlights of the trading performance was the consumer and technology businesses which increased their combined profits by 176 per cent and accounted for 35 per cent (19 per cent) of the taxable result, say the directors.

The financial and corporate public relations and the design and advertising businesses maintained their profit levels despite the exceptional profits earned in 1983 from the Thomas Tilling defence.

• comment

Recent comings and goings among the staff at Good Relations has clearly not distracted the company from the hasic business of making money. Certainly one might have expected e group whose livelihood depends on doing other people's public relations to have made a better joh of handling the puhlicity surrounding the resignations of six employees. But at the end of the day, the City's reaction in bringing the shares back from a peak of 280p bas made the stock a qulte ettractive alternative to some of the highly-reted USM public relations companies. At 228p, down 2p yesterday, the shares trade on a prospective multiple of 17, assuming current year profits of £1.8m pre-tax and e 43 per cent tax charge. This is not high when the UK public relations industry is growing at an estimated 30 per cent e year. Moreover. Good Reletions, with £1.5m cash in hand, is in e position to supplement organic growth with further acquisitions. Wlth e spread of operations ranging from edvertising to consumer and technical and financial PR the group ls also protected against a sudden downdraught in any specific market.

Ratcliffs recovery continues

Ratcliffs (Great Bridge) continued its recovery in the 1984 year, recording pre-tax profits of £2.04m egainst £311,000

Half-way figures showed the group, which manufactures brass and copper strip, returning to profitability with pre-tax profits of £806,000 after redundancy costs led to e loss of £83,000 in the first half of 1983.

Profits in the first half were boosted by record earnings at the group's Canadian subsidiary in huoyant trading conditions in North America, the directors state.

Earnings per share for the full year after tax £702,700 (£436,900) was 27.67p against a loss of 3.6p. A final dividend of 2.5p (1p) makes a total of 3.5p (1.75p).

Earnings for the year have been adjusted by the company at the average exchange rate. Comparison figures have not been edjusted and the difference should not be material.

The hoard says the changes in the sterling value of net current assets of the Canadian subsidiary—caused by exchange rate movements — continne to be dealt with through reserves.

Dewey Warren leaps 63%

Dewey Warren Holdings, a Lloyd's insurance broker, notched up a 63 per cent profits increase in calendar 1984 and the directors say that the current year has started successfully.

Yesterday's announcement of taxable profits of £1.18m, against £724,000, marked the company's first anniversary as a USM stock.

The total dividend at 7p, as promised at halfway wben e 2p interim was paid, is nearly equal to half of distributable reserves.

Brokerage income rose from £2.17m to £3.29m with 83 per cent received in U.S. dollars. Movements in the dollar exchange rate increased gross revenues by £397,000.

The external influences of e strong dollar and lower tax rates should continue to have a favourable effect upon 1985, state the directors.

The tax charge for 1984, although up at £551,000, against £395,000, was lower in percentage terms and left earnings per share 7p higher at 14.7p.

In addition to the external influences, the directors say that 1984's trend of higher insurance premium rates is continuing. And Warren's existing business is expected to produce higher revenues, with further growth anticipated from expansion into new areas.

BOARD MEETINGS

TODAY

Interims:—Courtney Pope, High-Point Services, Resource Technology.

Finals:—Algemene Bank Nederland, Braham Miller, Derek Crouch, D. J. Security Alarms, Jayplant, Nationwide Leisure, Save and Prosper Gold Fund, Unidare.

FUTURE DATES

Interims:—

Australia & New Zealand Bkg.	May 20
Burndene Investments	Mar 5
Ocean Wilsons	Mar 7
Sime Darby	Mar 9

Finals:—

Bowthorpe	Apr 16
Cambridge Electronics Industs.	Mar 18
Equity and Law Life Assurance	Mar 26
Mawley	Mar 4
Highlands and Lowlands	Mar 11
Philcom	Mar 11
Robinson Bros. (Ryders Green)	Mar 19
Royal Dutch Petroleum	Mar 14
Shell Transport and Trading	Mar 14
TI	Mar 14
T & S Stores	Mar 11
Tavener Rutledge	Mar 12

MINING NEWS

BP makes improved offer to Seltrust shareholders

British Petroleum has offered an improved deal to the minority shareholders of the group's 75.4 per cent-owned Australian mining subsidiary, Seltrust Holdings, reports **John McIlwraith from Perth.**

The proposals, put to a meeting in Perth yesterday, follow rejection of the earlier deal and the possibility that the company would have to sell off its assets in a forced liquidation.

As before, BP will shoulder the Seltrust debt burden and take the bulk of the company's non-gold interests. The other assets will be put into a new company, Newco, shares and options in which will be exchanged for those in Seltrust owned by the minority shareholders on a 3½-for-1 basis.

The scheme will raise the cash assets of Newco to A$9.2m (£6.04m) from the A$8m originally proposed. It will also give a 9.5 per cent interest in the Agnew nickel mine, which was previously excluded from the company. In return, BP will acquire some exploration interests.

Newco will retain a 75 per cent interest in the promising Temora gold project in New South Wales (BP having contributed its 18.8 per cent stake) and other gold exploration tenements in tha area.

Minority holders of Seltrust who prefer to accept a straight cash offer for their shares from BP are being offered 60 cents (about 40p) per share, compared with the original offer of 54 cents.

The Seltrust board estimetes that the asset value in the company will be A$23.5m, equivalent to 70 cents per Seltrust share compared with 60 cents under the earlier proposals. The scheme is subject to a number of proposals but it is hoped it will be in place within two or three months.

Seltrust directors pointed out yesterday that, while nickel prices — particularly in Australian dollars—had increased significantly since the earlier valuations of Agnew were made, the increase had been offset by mining problems.

In particular, a cave-in at the mine would curtail production by between 10 and 20 per cent and losses could not be avoided in the current year.

The winner in the battle between Seltrust minority shareholders and BP is seen to be Mr Laurie Connell, a Perth businessman, who will control the new company. Mr Connell has more than 30 per cent of the minority shares and said that he would seek more.

Mr Chris Trumbull, of Melbourne stockbrokers Pots, West, Trumbull, said that institutional shareholders, who in one or two cases would hold more than 10 per cent of the new company, were happy to work with Mr Connell's management.

BP said it had produced a compromise scheme of arrangement in order to keep faith with shareholders who had supported the earlier restructuring proposals. Dealings in Seltrust shares remain suspended.

Renison profits halved

PRE-TAX profits of **Renison Goldfields Consolidated** (RGC), the 49 per cent-owned Australian arm of **Consolidated Gold Fields** have fallen by 49 per cent to A$4.09m (£2.88m) in the first half to December 31, 1984.

After a reduced tax charge and a net gain of A$955,000 on the sale of Gunpowder copper mine assets the net earnings come out little changed at A$4.58m, equal to 6.9 cents per share, against A$4.68m a year ago.

RGC has been hit by depressed copper prices and declines in those of gold and silver. In addition, ti nsales were restricted by the International Tin Council controls.

The struggling Mount Lyell copper-gold mine in Renison Tasmania, which made a pre-tax loss of A$4.2m, the closure threatened at end 1985.

Development of the A$37m Pine Creek gold mine in the Northern Territory has started and so has construction of an A$11m carbon-in-pulp gold recovery plant et the gold mine in Wau, Papua New Guinea.

RGC's mineral sands division enjoyed a strong recovery thanks to improved prices and demand.

Within three weeks RGC will send out a further report on the past half year, together with prospects for the second half.

Ok Tedi verbal pact may reopen mine

Corporate shareholders in the OK Tedi copper project have verbelly agreed to a government proposal on future development, Papua New Guinea Minerals and Energy Minister, Mr Francis Pusai, said. The two main corporate holders are BHP and Amoco.

He said a document outlining the agreement had been presented to OK Tedi Mining (OTML) and he was confident it would be signed quickly.

This could be endorsed by the cabinet next week and OTML issued with a three to four months extension of its suspended gold mining licence.

Glynwed to hold 29% of Raglan

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Raglan Property Trust is paying £4.25m in shares and cash to acquire a number of properties and development sites from **Glynwed International.**

Glynwed will be left with 28.9 per cent of Raglan's enlarged share capital when the deal—subject to shareholders' approval—is complete. Glynwed says it intends to retain the shareholding as a long-term investment and has no present intention of increasing it. Mr G. Davies, group chief executive of Glynwed and Mr D. L. Milne, finance director, will join the Raglan board.

The properties comprise three freehold and three long leasehold properties, consisting of industrial and warehouse buildings and development sites in the Midlands, north west and Home Counties. Tha new acquisitions will be more than double the March 1984 net asset base of Raglan to £8.1m and will raise the company's income flow from around £240,000 a year to about £530,000. When the properties being acquired are fully let, annual rental income will rise by a further £140,000.

Raglan will finance the purchase—the total consideration amounts to £4.55m—via the issue of 56.24m new ordinary shares. Glynwed is taking 33m shares at 8.5p each and Kleinwort Benson is purchasing the balance at 7.5p. Raglan's 12,000 ordinary shareholders will be given the opportunity to draw down the shares bought by Kleinwort, at 7.5p each, in proportion to their existing holdings. Kleinwort will place any shares not taken up with eight institutional investors.

Raglan yesterday announced pre-tax profits for the six months ending last September of £109,920 against £135,654 in the same period a year earlier. The directors say, however, that the Glynwed deal could see more frequent dividend payments.

Glynwed will continue to own UK property interests with a book value of about £33m.

NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

FIDELITY INTERNATIONAL FUND N.V.

Registered Office: Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles

Please take notice that the Annual General Assembly of Shareholders of Fidelity International Fund N.V. (the "Corporation") will take place at 2.00 p.m. at Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles, on March 21, 1985.

The following matters are on the agenda for this Meeting:

1. Report of the Management.
2. Election of six Managing Directors. The Chairman of the Management proposes the re-election of the following six existing Managing Directors: Edward C. Johnson 3d, William L. Byrnes, Charles A. Fraser, Hisashi Kurokawa, John M.S. Patton, James E. Tonner.
3. Approval of the Balance Sheet and Profit end Loss Statement for the fiscal year ended November 30, 1984.
4. Proposal, recommended by Management, to amend the Corporation's Articles of Incorporation as necessary or appropriate to enable the Corporation to continue to list its shares on the Luxembourg Stock Exchange, by amending Article 5 to add a provision specifying the time within which investors must pay the subscription price for shares, and by amending Article 11 to add a provision specifying the time within which the Corporation must pay redemption proceeds to investors redeeming shares.
5. Proposal, recommended by Management, to amend Article 5 of the Corporation's Articles of Incorporation to add a provision authorizing the Corporation to issue fractional shares.
6. Authorization of execution and delivery by representatives of Maduro & Curiel's Trust Company N.V. on behalf of the Corporation of appropriate Deeds of Amendment relating to Items 4 and 5 above.
7. Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders, including payment on March 8, 1985 of an interim dividend in respect of the fiscal year ended November 30, 1984 in the amount of $0.40 per share to shareholders of record on February 22, 1985, and authorization of the Managing Directors to declare an additional dividend in respect of fiscal 1984 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
8. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.
9. Such other business as may properly come before the Meeting.

Holders of registered shares may vote by proxy by mailing a form of proxy obtained from the Corporation's Principal Office in Pembroke, Bermuda, from Fidelity International Management Limited in London, or from the Banks listed below, to the Corporation at the following address:

Fidelity International Fund N.V.
c/o Maduro & Curiel's
Trust Company N.V.,
P.O. Box 305.
Curacao, Netherlands Antilles.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained and filed in the manner described in the preceding sentence. Alternatively, holders of bearer shares wishing to exercise their rights personally et the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 1.00 p.m. on March 21, 1985, in order to be used at the Meeting.

By order of the Management
Charles T.M. Collis
Secretary

Fidelity International Management Limited
25 Lovat Lane,
London EC3R 8LL, England

The Bank of Bermuda Limited
Hamilton, Bermuda

Bank Julius Bär & Co.
Bahnhofstrasse 36,
Zurich, Switzerland

Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal,
Luxembourg

FIDELITY INTERNATIONAL FUND N.V. is a diversified international equity Investment Company established in the Netherlands Antilles and managed by Fidelity International Ltd of Bermuda. The investment objective of the Fund is to seek maximum capital appreciation. At February 1, 1985 the Fund's assets were invested 58% in the US, 11% in Japan, 9% in Hong Kong, 8% in West Germany, 7% in the UK, 3% in Europe, 1% in Canada and 3% in cash and miscellaneous.

The Fund was launched in February 1969, is now valued at $26m and the share price has risen 475% from $9.40 to $54.08 at February 1, 1985, compared with a rise of 89% in the Capital International World Index.

Copies of the latest quarterly and annual reports can be obtained from Fidelity International at:

P.O. Box 670, Pembroke Hall,
East Broadway, Pembroke,
Hamilton, Bermuda
Tel: (809) 295 0665
Telex: 0280 3318

9 Bond Street,
St. Helier, Jersey, C.I.
Tel: (0534) 71696
Telex: 4192260

Gencor
General Mining Union Corporation Limited
(Incorporated in the Republic of South Africa)

(Formerly General Mining & Finance Corporation Limited)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER ("GENCOR BEARERS") REGARDING A RIGHTS OFFER OF BEATRIX MINES LIMITED ("BEATRIX") SHARES WHICH OPENS ON 8 MARCH 1985 AND CLOSES ON 29 MARCH 1985

Rights offer of 23 ordinary shares of no par value in Beatrix et an issue price of R5 (SA currency) per Beatrix ordinary share for every 100 shares held in Gencor.

COUPON NO. 122 is tha entitlement which enebles holders of GENCOR BEARERS to receive the offer.

A Listing and Acceptanca Form (either PINK to receive NIL PAID LETTERS OF ALLOCATION or GREEN to subscribe for FULLY PAID BEATRIX ordinary shares) must be completed and lodged, preferably by a stockbroker or banker, together with Coupon(s) No. 122.

Payment: By a bankers' draft marked "not negotiable" and made in favour of "Senbank—Beatrix" in respect of the amount due must accompany either the nil paid Letter of Allocation or the GREEN Listing and Acceptanre Form.

Full payment details will be sent out in each Listing and Acceptance Form and in each Letter of Allocetion.

Letters of Allocation will be issued by Hill Samual Registrars Limited.

Copies of the Rights Document and Listing and Acceptance Forms will be obtainable from:—

Hill Samual Registrars Limited,
6 Greencoat Place, London SW1P 1PL
after 8 March 1985

ISSUE OF TALON NO. 7
and
NEW COUPONS 123 TO 134

Attention is drawn to Holders of Share Warrants to Bearer that Coupon No. 122 is the last currently in issue.

An advertisement will be published in certain leading newspapers in London, Paris, Basle, Geneva and Zurich on or about 8 March 1985 regarding the issua of new sheets of Coupon Nos. 123 to 134 with Talon No. 7 attached against the surrender of Talon No. 6.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines

30 Ely Place,
London EC1N 6UA

This advertisement is not an invitation to subscribe for or to purchase any Securities.

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(Incorporated in England under the Companies Acts 1948 to 1981—Number 1720606)

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(Licensed Dealer in Securities)
and
HARVARD SECURITIES LIMITED
(Licensed Dealer in Securities)
of
4,750,000 Ordinary Shares of 1p each at 20p per share payable in full on application

The subscription lists will open at 10.00 a.m. on Wednesday, 6th March, 1985 and will close at 3.00 p.m. on Wednesday, 13th March, 1985.

FOR EYES plc operates 11 optical practices in London and the South East, combining an imaginetive approach to marketing with a high standard or service that includes a facility for eye examination and same day delivery of spectacles. The company is ideally placed to take advantaga of the anticipeted expansion of the market for spectacles and contact lenses.

No epplication has been or is proposed to be made for these securities to be admitted to the Official List of The Stock Exchange or to the Unlisted Securities market. Cleveland Securities plc and Harvard Securities Limited have agreed to make a market in the Ordinary Share of the Company. Application forms and copies of the Prospectus dated 28th February 1985 upon the terms of which alone applications can be made can be obtained from:—

Harvard Securities Limited
Harvard House
42-44 Dolben Street
LONDON SE1 0OQ
01-928 2661

Cleveland Securities PLC
Cleveland House
70 Great Eastern Street
LONDON EC2A 3JL
01-729 8020

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Notice is hereby given that the Rate of Interest for the Interest Period from 4th March 1985 to 4th September 1985 is 10¼ per cent per annum and that on 4th September 1985 the amount of interest payable in respect of each U.S. $5,000 principal amount of the Notes will be U.S. $261.94

Barclays Merchant Bank Limited
Agent Bank

1st March 1985

Williams Hldgs. improves all round

DURING THE second six months of 1984 Williams Holdings showed strong growth in profits which continued the trend started in 1982 when the present management took over.

For the year as a whole the group, a specialist engineer, vehicle dealer and founder, swung from losses of £76,000 to pre-tax profits of £1.92m, of which £1.17m came in the second half. Losses for 1981 totalled £996,000.

The loss-making companies returned to profitability, integration and consolidation of operating companies was completed and divisional structure established.

In all, the group "is now poised for further major expansion."

Turnover for the past year surged from £26.89m to £47.06m and at the trading level profits pushed ahead by £2.33m to £3.02m before taking account of interest charges of £1.1m, up from £763,000.

There was again no tax charge.

Below the line, minorities accounted for a same-again £66,000 but there were extraordinary debits of £1.91m this time.

Pre-extraordinary items earnings per 25p share emerged at 21.02p, against previous losses of 4.17p. The directors said last March that it was their intention to resume dividends as soon as circumstances permitted—the last payment was 0.625p net in 1980.

A divisional breakdown of trading profits shows: specialist engineering £1.12m (£291,000), vehicle distribution £285,000 (£216,000), engineering products £693,000 (£658,000), plastics £383,000 (nil) and foundries £541,000 (£478,000 loss).

● comment

The latest figures from Williams confirms the transformation that has taken place since two ex-London and Northern men moved in to run the company three years ago when it was tottering on the brink. Profits in the last six months, £1.17m pre-tax, suggest that the group is on the road to perhaps £3m this year. If the market had any quibble with yesterday's announcement it was that borrowings had not come down as fast as expected. Net debt at December was roughly equal to ordinary shareholders' funds but extenuating circumstances abound—there was a build up of boiler stocks ahead of the Stelrad contract worth £1m a year, the number of cars in the showrooms is always high before January 1 and coke stocks were above normal. That said gearing remains uncomfortably high. Given the management's penchant for acquisitions a large deal for shares to straighten out the financial ratios as well as adding another profit centre seems likely. At 215p the p/e, on a notional 35 per cent tax charge, is a little over 10—not expensive given recent events though the pace of change has unsettled some observers.

FII trend maintained after 41% midway gain

FII Group maintained its momentum at the interim stage, with taxable profits surging ahead by 41 per cent from £574,000 to £810,000 in the first year to November 30 1984. The group, a footwear manufacturer, lifted turnover from £6.02m to £7.58m.

An interim dividend is raised from 1.75p to 2p net, the fourth successive increase in two years. The total last time was 5.75p.

For the year as a whole, the outlook for the group is encouraging, the chairman says.

During the half year under review, sales and profits continued to increase at Fiona Footwear, the footwear manufacturing subsidiary in Wales, and the order book is full.

There is also a healthy order position at the newly-acquired laboratory equipment company, Danley Instrument.

Rhinotherm, the other operating company in the medical and scientific division, is preparing a major launch of its cold and allergy alleviation device.

The merchanting division is not yet performing "as well as we would like," but in the retail division, the new Cardiff store, opened last November, commenced trading satisfactorily, says Mr Sumray.

Earnings per share were stated at 11.4p (8.3p).

British Vending

Pre-tax profits of British Vending Industries, powdered vending ingredients maker, increased from £410,000 to £587,000 for the 1984 year indicating, the directors state, that the group is on a firm growth path.

They look forward with confidence to 1985 and say that the year has started well.

Turnover rose from £20.12m to £24.14m. Tax charge was £70,000 (£123,000) after which earnings are shown as 6.07p (3.37p) per share. The dividend is lifted to 1.05p (0.77p) with a 0.59p final.

Cowie tops £2.2m and is set for further growth

COMPARED WITH directors' expectations of about £1.69m T. Cowie saw its profits before tax surge to £2.29m over the 15 months to December 31, 1984.

The figures included a contribution of £1.18m from Hanger Investments, acquired by Cowie earlier last year.

Further growth is anticipated by the directors during the current year, their only concern being the prospect of interest rates remaining high for any prolonged period.

For the year to September 30, 1983 Cowie's pre-tax profits were little changed at £1.13m

Turnover for the 15 months totalled £200.85m (£104.72m for year).

Cowie's interests are in motor vehicle dealing, coach operations, safety equipment and finance.

A final dividend of 1.75p makes a total of 2.75p for 15 months (2p for year). Earnings per share on a net basis amounted to 10.36p (7.87p).

● comment

A change of year end and a significant acquisition blurs the figures at Cowie but one fact remains patently clear—the £5m Hanger acquisition, as far as the Cowie men are concerned, is like discovering a crock of gold. Annualised the motor business made around £350,000 compared to previous losses and even that does not reflect the full benefits of recent rationalisation. But best of all Hanger's finance business, Interleasing, made £1.2m on a 12 month basis prompting Cowie to do a complete U-turn. Far from selling half the business to Forward Trust, so that it would be on the same footing as Cowie's existing Cowie Financial Services, the company now wants to buy out Forward Trust's CFS stake. As it seems virtually impossible to make worthwhile returns from straight motor trading the logic is to use it as a shop window for the finance side. The result is that the balance sheet would gear-up like a finance house—today that would mean £14½m of shareholders' funds supporting £59m of debt. Yet that should not deter investors who are looking at a company capable of at least £3m pre-tax this year. At 46p the market capitalisation is a meagre £6.6m which is surely lagging somewhere behind events.

Saga Holidays optimistic as profits reach £2.6m

IN LINE with the forecast last August, taxable profits of Saga Holidays improved to £2.55m for the year ended October 31 1984, compared with £2.44m for the previous 16 months. Turnover amounted to £65.76m for the period, against £90.77m.

In the first annual statement as chairman, Mr Roger de Haan believes the group will continue to make progress during the current year.

Earnings per share are shown at 9.22p (7.97p) while the net dividend is 4p for the year (5p for 16 months) with a final distribution of 2.7p.

Mr de Haan says the competitive environment within the UK holiday industry kept gross margins under pressure despite an improvement in load factors on the group's charter aircraft.

● comment

The rising dollar has provided an excellent background against which to establish a U.S. arm to the package tour business for the over 60s in which Saga Holidays specialises. The U.S. business started as just a feed in of U.S. holidaymakers into Europe, but now there are holidays available in the U.S., Central and South America as well as exotic spots around the world. Senior citizens can be an intrepid lot with a couple of thousand being taken by Saga to far flung places like the Carpathian mountains and the Afghan border. Unlike other holiday tour companies, Saga's customers go out of season which gives the company greater flexibility in bookings with few advance payments. It is a formula that seems to work and to which the company will stick, now that the unfortunate take-over of part of Laker is firmly behind it. The U.S. accounted for 44 per cent of group profits and 30 per cent of turnover. The picture in the UK was much tougher, last year, with sales slightly down, though the company managed some useful cost savings, particularly on promotions. The directors seem happy with the current picture with UK sales up 2 per cent and the U.S. a full 35 per cent. Australia will probably be the next target for expansion. Saga should make £3.5m for the current year and the shares 175p down 3p seem fully valued on a p/e of around 17 on a 47 per cent tax charge.

Awards not remitted on unadmitted error

ATLANTIC LINES & NAVIGATION CO INC v ITALMARE SPA
Queen's Bench Division (Commercial Court): Mr Justice Webster: February 18 1985

THE COURT will not remit an award to arbitrators on the ground that they have committed an accidental error, if they have not admitted to such error.

Mr Justice Webster so held when refusing an application by Atlantic Lines and Navigation Co Inc, disponent owners of the Apollon, to remit to arbitrators an award made in favour of charterers, Italmare SpA, on the ground of accidental error and technical misconduct.

* * *

HIS LORDSHIP said that disputes arose out of a charterparty of the Apollon. There was no oral hearing before the arbitrators. The parties made written submissions. The owners were the claimants, and the charterers made counter-claims.

An overall award of $19,546 was made in the charterer's favour. The owners applied for the award to be remitted to the arbitrators on the grounds of accidental error and technical misconduct.

The arbitrators had provided the parties with reasons under the rubric "these reasons do not form part of the award . . . no use shall be made of them in any action. . . ."

The owners submitted that the court should look at those reasons in order to determine their application.

In the *Montan (FT, January 16, 1985)*, Sir John Donaldson MR said that an agreement that reasons could not be placed before the court "purports to oust the jurisdiction of the court and is void as being contrary to public policy . . . were it otherwise the court would be powerless in the face of misconduct or even fraud revealed by the restricted reasons. We can therefore look at the reasons, although . . . no question of misconduct . . . or fraud arises. . . ."

Sir Roger Ormrod said: "Perhaps it would be safer to regard confidentiality as a matter of practice which is generally accepted . . . the parties cannot blindfold the court."

The effect of those *dicta* was that parties could not rely on the reasons without leave, but that the court might look at them primarily to satisfy itself that there had been no fraud or misconduct of such a kind that it should act on the evidence of the reasons — and possibly also to resolve a doubt arising out of the evidence.

The reasons in the present case contained no evidence of fraud nor misconduct of that kind. They were therefore put on one side and ignored for the purpose of the judgment.

On the question of accidental error it was the owners' case that when the arbitrators quantified the charterers' counterclaim they did not credit to the owners $17,092 admitted to be due to them from the charterers.

Mr Gaisman, for the charterers, did not formally admit any error but did not seek to persuade the court that there was none. The arbitrators had declined to comment on whether they had made a mistake. The court found, on the balance of probabilities, that an error had been made.

Mustill and Boyd on Commercial Arbitration said at page 503 that a mistake admitted by the arbitrator was one exception to the general principle that arbitrators' mistakes were not grounds for interference by the court: "There is no doubt that an admission of mistake by the arbitrator himself is essential."

In the *Montan*, however, Sir John Donaldson said: "I should not like it to be thought that such an admission is a prerequisite for the exercise of the court's jurisdiction to remit. If the arbitrator says nothing and there is a strong *prima facie* case that there has been an accidental error, the award could be remitted. . . ."

Lord Justice Robert Goff said: "Without laying down any hard-and-fast rule, I think that as a general rule the court should not intervene . . . unless there is a clear admission by the arbitrator that he has made a mistake."

Since the arbitrator in the *Montan* admitted his mistake, those *dicta* and *obiter* on the question of the necessity of an admission. Nonetheless, they were very authoritative and would be followed unless authority compelled otherwise.

It was necessary to refer to all the other relevant traceable authorities: *Knox (1791) 1 Ves Jun 369; Anderson (1812) 18 Ves Jun 447; Hall (1841) 2 Mon and G 848; Phillips (1843) 12 M and W 309 Hager (1845) 14 M and W 8; Hutchinson (1849) 13 QB 955; Mills (1856) 3 K and J 66; Hodgkinson (1857) 3 CB (NS) 189; Hogge (1858) 3 H and N 293; Flynn (1869) LR 4 CP 324; Lockwood (1862) 10 WR 628; Dinn (1875) LR 10 CP 388; Keighley Maxted (1893) 1 QB 405; Montgomery Jones (1898) 78 LT 406; Baxters (1906) 95 LT 20.*

Of all those cases only *Flynn* suggested, and then only very obliquely, that an award should be remitted without an admission. There the court said it had "a discretion to send back an award to the arbitrator where the mistake *is clear*, and especially if it is admitted by the arbitrator. . . ."

Baxters was the case which seemed most relevant. There the Divisional Court had refused an application to remit. In the Court of Appeal Lord Justice Vaughan Williams said the appeal should be allowed because although the Divisional Court judgment was right on the facts before it, the arbitrator had not at that time produced evidence "which we now have before us, of the admission by the arbitrator of his mistake. Upon the facts before them the Divisional Court could not have decided differently. . . ."

He clearly implied that where the mistake was not admitted, there was no jurisdiction to remit. A conclusion in those terms seemed consistent with all the authorities save, possibly, *Flynn*.

Baxters did not seem to have been reported in the Divisional Court. However, in the absence of any subsequent conflicting decision, or anything to indicate that it was *per incuriam* and wrong, it appeared to be binding.

Accordingly, the application to remit on the ground of mistake was refused.

If the court were not bound by *Baxters* it would follow the very persuasive *dicta* in the *Montan*. There seemed little difference in principle between Sir John Donaldson's opinion that in the absence of an admission by the arbitrators "the award could be remitted," and Lord Justice Robert Goff's that "as a general rule the court should not intervene . . . unless there is a clear admission."

Assuming, therefore, that the court had a discretion to balance the interests of justice and preservation of the finality of awards, taking circumstances into account, it would still decline to remit the award in circumstances in which the arbitration was informal and unreasoned and in which it could not be certain that a mistake had been made.

The second ground on which the application was based arose out of an award to the charterers for $40,735 for overpaid hire and bunkers, due to a time overlap on redelivery of the vessel.

The charterers were not aware of the overlap until after the owners' second submission, in the arbitration, but thereafter they and the owners each made two submissions about that point.

Mr Ruttle submitted that the arbitrators must have awarded the $40,735 for a reason not relied on by charterers, nor dealt with by owners.

He relied on *Societe Franco-Tunisia (1959) 1 WLR 787* where an umpire was held to have misconducted himself in that a point "that would bring about a dramatic development of the case" was not communicated to one of the parties.

It was not right to draw the inference that the arbitrators made the award solely on a point not canvassed. But even if they did, it would not have constituted any "dramatic development of the case."

Mr Ruttle also relied on *the Vimeira [1984] Lloyd's Rep 66,75*. There the arbitration was formal with pleadings and counsel. Mr Justice Robert Goff said: "It is not fair to decide a case against a party on an issue which has never been raised in a case without drawing the point to his attention so that he may have an opportunity of dealing with it."

Applying that test of fairness, balancing the requirements of justice with considerations of finality, a significant consideration must be the informal nature of the arbitration, the course it took, and the significance of the point said to have been taken by the arbitrators without notice, in the context of the issue as a whole.

In the present case if the arbitrators decided the issue on a point not taken, they were not guilty of such unfairness as to constitute technical misconduct. Nor was there any procedural mishap *sufficient to justify* remission.

The application was dismissed. Leave to appeal was granted.

For the owners: Stephen Ruttle (Clyde & Co).

For the charterers: Jonathan Gaisman (Bentleys Stokes & Lowless).

By Rachel Davies
Barrister

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday March 1 1985

Soviet cotton exports hit by poor harvest, Page 42

WALL STREET

Lingering mood of caution

FINANCIAL MARKETS on Wall Street were in a subdued mood yesterday after the heavy shakeout in the credit sector in the previous session, *writes Terry Byland in New York.*

With the U.S. dollar calmer in the foreign exchange markets, bond prices staged a modest rally but braced themselves for news of another *strong rise* in money supply, expected late in the session.

Short-term rates, sharply higher at first behind a rise in federal funds rate, levelled off after the Federal Reserve announced a further batch of overnight system repurchases.

Stock prices remained on the downside for much of an active trading session. Towards the close, there was a general improvement, and the Dow Jones industrial average ended a net 2.98 points higher at 1284.01. A total of 101m shares changed hands.

Wall Street's nervousness over the next turn in Federal Reserve credit policies has been beightened by the downturn in the dollar, which could open the way for the Fed to tighten its grip.

Money supply is likely to continue rising, with the M1 total well above the Fed's monitoring range. However, some analysts still believe that the Fed will try to avoid tightening until the next trend in the dollar is more established.

Firmness in the dollar at mid-morning brought an improvement in bonds, and put one point on the Dow stock market index. Turnover in stocks remained high, but share losses were in the majority across the full range of the market, and the Dow soon eased back.

There was selective buying of the market leaders. Among the best features were the motor stocks, where General Motors, 1¼ higher at $79½, attracted substantial support. Ford, which headed the active stocks list in early trading, edged ahead by ¼ to $44⅝ and Chrysler at $33¾ added ½.

The mainframe computer makers also moved up, led by IBM, ⅞ better at $134, Burroughs, 2¼ up at $63½ and NCR ⅜ higher at $30. But other technology stocks looked less firm. Digital Equipment fell 1⅜ to $111⅞ and Texas instruments met renewed selling, which pushed the stock down 1⅛ to $111¾.

Stock in Imperial Chemical Industries, of the UK, traded in the form of American depositary receipts, eased by ½ to $37 after the trading results, but a block of stock was later traded at $38.

Takeover stocks remained in the limelight. Sperry Corporation, tipped on a television programme as the next likely target, fell 1⅞ to $51¾ as some early speculators bailed out with a profit.

Phillips Petroleum gained 1⅛ to $49½, the first upturn for a week, as speculators hoped for a further bid development before Monday when the Board will announce the result of the poll of stockholders on its retructuring plan. Wall Street believes the board was defeated, but Unocal at $45⅝ gave up ⅛ on the absence of further bid developments.

Among the retail stocks, J. C. Penney eased by 1⅛ to $47½ after its trading results followed the sector trend by revealing lower propfits and poor Christmas trading.

In the bond market, the selling by the trading bonses which savaged prices at Wednesday's close died away yesterday and prices recovered about half a point. Turnover was sluggish, however, and there was little sign of retail interest.

Federal funds remained at 8 11/16 per cent despite the Fed's intervention with system repurchases at that level. Rates on certificates of deposit turned down, and Treasury bill rates were a touch lower.

LONDON

Spotlight shines on gilts

GOVERNMENT securities again held centre stage in London yesterday. The surprise move to close the tax loophole of "bond washing" – the conversion of income from accrued interest into capital gains – caused confusion in the gilt-edged market.

Trading was delayed to give dealers time to assess the situation, and it was several hours before quotations settled.

Index-linked *gilts* featured immediately dealing began, with quotations soon sbowing rises to 3 points, while low-coupon shorts, designed to attract high tax-payers, quickly displayed gains of 2 points before both eased.

Much of the day's interest in the equity market centred on ICI and Fisons. ICI's preliminary profit pushed the shares to a peak of 874p before U.S. selling knocked them back to close at 835p, down 21p. Fisons rallied as the widely-predicted £94m rigbts issue was counteracted by the better-than-expected 55 per cent annual profit growth.

Sterling's steady performance belped boost the underlying tone in most equity sectors. Although most leading issues edged a shade higher, the late fall in ICI left the FT Ordinary share index down 0.3 at 979.9.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38–39

AUSTRALIA

LEADING mining issues remained the centre of attention in Sydney with local and international buying support behind their price improvements. The All-Ordinaries index rose 5.4 to 792.2

Market leader BHP added a further 2 cents to A$5.60, WMC firmed 8 cents to A$3.58 and North Broken Hill 4 cents to A$2.34.

Rises outnumbered falls two to one and, demonstrating the strength of the improvement, turnover increased from 33.9m to 37.5m with a substantial rise in the value of business, indicating a preference for higher priced issues.

HONG KONG

SELLERS took the upper hand in Hong Kong after a firm start as the market appeared to slip into a consolidation phase after recent strength.

Small investors were behind the downward pressure which, while persistent, clipped only 12.37 off the Hang Seng index to leave it at a closing level of 1,375.25.

Among property stocks, Cheung Kong lost 20 cents to HK$13.60 followed by Sun Hung Kai Properties, which eased 15 cents to HK$9.30.

SINGAPORE

PROFIT-TAKING emerged during the afternoon session as investors attempted to realise gains from five consecutive days of improvement.

Despite the late selling, the Straits Times index firmed a further 3.19 to 839.04 with advances bolding a modest margin over losses at the close.

Metro came in for speculative support as a further 1.2m shares moved through the market and the stock added a further 70 cents to S$4.60.

SOUTH AFRICA

NERVOUSNESS generated by international currency fluctuations gave trading in Johannesburg a cautious edge, although leading golds held their ground.

The most notable price movements were Vaal Reefs up R4.50 to R169.50; Doornfontein, up 25 cents to R26.75; and Harties, 30 cents higher at R9.40. Mining financials and other mining stocks followed the trend.

CANADA

BUYERS returned to trading in Toronto, allowing a broad section of stocks to recover early losses during relatively strong business.

Westcoast Transmission was the second most active stock, following news that it is spending C$121.5m to acquire Seagram's Canadian energy offshoot. Westcoast's shares traded steady at C$15⅝.

TOKYO

Blue-chip escort to new peak

BIOTECHNOLOGY-related issues and some blue chips were traded briskly to send share prices higher yesterday. The Nikkei Dow market average passed 12,300 for the first time, *writes Shigeo Nishiwaki of Jiji Press.*

Financial issues, which paced the previous day's sharp rise, weakened under heavy profit-taking pressure, however.

The Dow average gained 34.54 from Wednesday to a record 12,321.92. Volume swelled from 439m shares the previous day to 525m, but losses outnumbered gains by 405 to 369, with 134 issues unchanged.

Among biotechnology-related issues, Asahi Chemical topped the active list for the second consecutive day, with 21.78m shares traded. The issue advanced an early Y21 but closed at Y720, unchanged from the previous day's close.

Green Cross, reportedly developing a new anti-cancer agent, remained in the spotlight, adding Y160 to Y2,750. It was third most active stock with a turnover of 15.39m shares.

Financial issues came under profit-taking pressure. Nomura Securities shed Y20 to Y1,100, Sumitomo Marine and Fire Y27 to Y620 and Sumitomo Bank Y90 to Y1,800. Tokio Marine and Fire, the second busiest stock, with a turnover of 17.41m shares, gained Y20 to Y850 and Yasuda Fire and Marine Y7 to Y422.

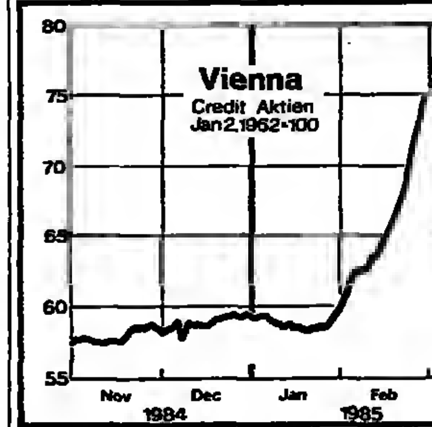
Reports that attempts to extort money from the two confectionery companies Morinaga and Ezaki Glico have been stopped by the gang making the threats pushed the companies' shares higher and aided the performances of other groups in the industry.

Morinaga, the fourth busiest stock with 13.0m shares changing bands, gained Y74 at one stage, but finished Y54 higher at Y470. Fujiya jumped Y45 to Y870 and Glico Y14 to Y579.

Sony soared Y240 to Y4,840, supported by its strong overnight Wall Street performance. As a result, TDK gained Y190 to Y8,470 and Pioneer Y200 to Y3,150.

Despite the Debt Consolidation Fund's buying operations for the third consecutive day, bond prices fell notably on the inter-broker market as institutional investors and broking houses became increasingly concerned over the general upward trend of U.S. interest rates.

The fund is believed to have purchased some Y40bn worth of two issues – the benchmark 7.3 per cent government bonds maturing in December 1993 and the 7 per cent government bonds due in June 1994. But this did not help the market climate. The yield on the 7.3 per cent boods leaped from Wednesday's 8.885 to 8.935 per cent.



EUROPE

Foreigners favour Frankfurt

THE RETURN of foreign investors to German bourses offered one of the main attractions in otherwise dull trading in Europe yesterday. A batcb of corporate results, however, managed to lend a little spice to investor palates recently dominated by currency fluctuations.

Frankfurt managed to discard early weakness through perceptible overseas buying that took the Commerzbank index 3 points higher to 1,073.8.

Chemicals continued to draw attention with Hoechst DM 4.50 stronger at DM 199.40 as BASF moved DM 4 higber to DM 204, a new high for the year.

Among financials, Munich Re paused after its recent sbarp movements and was steady at DM 1,175, while associate insurer Allianz moved DM 2 lower to DM 1,017 ex-rigbts. Deutsche was particularly active among the banks with a DM 3 rally to DM 407 although Commerzbank weakened DM 1.20 to DM 163.

Bonds eased with losses stretching up to 40 basis points, while the Bundesbank, which left monetary policy unchanged at yesterday's council meeting bought DM 11.8m of paper after Wednesday's sales of DM 88.5m.

Uncertainty over the trend of the dollar induced caution in **Amsterdam.** Some leading shares recovered from opening lows with Royal Dutch, an early Fl 2.80 cheaper, finishing 50 cents off at Fl 200.50 and Unilever ending the day unchanged at Fl 331.50.

Bonds fell between 10 and 40 basis points.

Healthier corporate results and higher dividend payouts amid a recognisable economic recovery gave a further boost to **Vienna** taking the Credit Aktien index 0.76 higher to a new peak of 74.86.

Gösse proved one of the few weak spots with a 10 percentage point fall to 478 per cent of nominal value. Veitscher Mag regained some of the ground lost in the previous session with its 8 point rise to 386 per cent of nominal value. Perimooser moved ahead strongly with a 16 point rally after Tuesday's 20 point surge to a record high of 448 per cent of nominal value.

Steyr-Daimler returned to its 12-month peak with a 3 point gain to 171 per cent as Creditanstalt advanced a further point to a new high of 238 per cent of nominal value.

An easier **Zurich** took Union Bank SwFr 20 lower to SwFr 3,850 amid results as bonds finisbed steady. Hoffman-la Roche dipped SwFr 200 to SwFr 8,875 after the expiry yesterday of its Valium patent in the U.S.

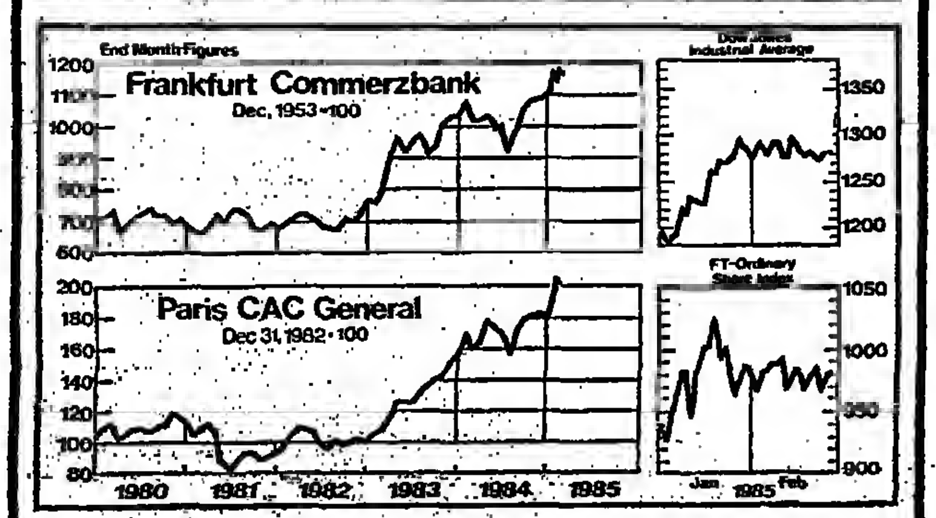
A quieter **Paris** trimmed most sectors except stores where Carrefour at FFr 1,900 and Au Printemps at FFr 194 were both unchanged.

Utilities led a retreat in **Madrid,** while **Milan,** althougb cautious, scored some strong gains such as Fiat's L84 rise to L2,774.

A firmer **Brussels** took Petrofina BFr 70 higher to BFr 7,140 while recently active Electrobel held steady at BFr 8,360 and Tractionol dipped BFr 20 to BFr 4,000.

Currency gyrations unsettled a lower **Stockholm** with SKF down SKr 1 to SKr 199 ahead of results.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 28	Previous	Year ago
DJ Industrials	1,284.01	1,281.03	1,157.84
DJ Transport	630.98	631.64	510.91
DJ Utilities	148.75	148.08	126.01
S&P Composite	181.18	180.71	156.82
LONDON			
FT Ord	979.9	980.2	828.3
FT-SE 100	1,259.7	1,258.8	1,039.2
FT-A All-share	608.13	608.49	496.06
FT-A 500	663.72	664.57	534.36
FT Gold mines	465.5	468.1	672.3
FT-A Long gilt	10.81	10.74	10.21
TOKYO			
Nikkei-Dow	12,321.92	12,287.40	10,073.8
Tokyo SE	977.30	976.63	778.9
AUSTRALIA			
All Ord.	782.3	786.8	748.0
Metals & Mins.	480.3	473.2	521.9
AUSTRIA			
Credit Aktien	74.86	74.08	55.43
BELGIUM			
Belgian SE	2,242.60	2,235.86	–
CANADA			
Toronto			
Metals & Minls	2,075.2	2,064.5	2,210.0
Composite	2,594.9	2,585.4	2,403.5
Montreal			
Portfolio	130.27	129.82	118.19
DENMARK			
Copenhagen SE	175.46	174.01	193.05
FRANCE			
CAC Gen	201.5	202.5	162.7
Ind. Tendance	108.9	109.2	86.2
WEST GERMANY			
FAZ-Aktien	403.84	402.90	350.84
Commerzbank	1,173.8	1,170.8	1,028.5
HONG KONG			
Hang Seng	1,375.25	1,387.62	1,041.56
ITALY			
Banca Comm.	277.10	276.95	220.90
NETHERLANDS			
ANP-CBS Gen	198.8	200.1	160.4
ANP-CBS Ind	157.4	158.3	131.7
NORWAY			
Oslo SE	323.24	328.86	249.01
SINGAPORE			
Straits Times	839.04	835.13	1,023.69
SOUTH AFRICA			
Golds	n/a	885.6	1,031.4
Industrials	n/a	860.4	984.3
SPAIN			
Madrid SE	112.50	113.75	82.77
SWEDEN			
J & P	1,427.73	1,432.18	1,504.99
SWITZERLAND			
Swiss Bank Ind	416.7	416.0	370.9
WORLD	Feb 27	Prev	Year ago
Capital Int'l	195.9	194.9	182.8

GOLD (per ounce)

	Feb 28	Prev
London	$288.75	$289.50
Zürich	$288.00	$290.75
Paris (fixing)	$291.11	$293.45
Luxembourg	$291.35	$288.85
New York (Apr)	$288.70	$289.80

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Feb 28	U.S. DOLLAR Previous	STERLING Feb 28	STERLING Previous
$	–	–	1.08	1.0875
DM	3.3425	3.335	3.615	3.625
Yen	259.5	259.1	280.5	282.0
FFr	10.205	10.18	11.035	11.06
SwFr	2.855	2.835	3.085	3.085
Guilder	n/a	3.775	4.075	4.095
Lira	2,082.0	2,070.0	2,248.0	2,240.0
BFr	67.3	66.85	72.55	72.75
C$	1.3811	1.3835	1.49625	1.4995

INTEREST RATES

Euro-currencies (3-month offered rate)	Feb 28	Prev
£	14	13 3/4
SwFr	5 3/4	6 1/4
DM	6 7/16	6 3/8
FFr	11 1/4	11 1/8
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 9/16	9 9/16
6-month U.S.$	10 1/4	9 7/8
U.S. Fed Funds	8 11/16*	9 1/2
U.S. 3-month CDs	9.10*	9.15
U.S. 3-month T-bills	8.46*	8.445

U.S BONDS

Treasury	Feb 28* Price	Feb 28* Yield	Prev Price	Prev Yield
10 1987	98 29/32	10.56	98 25/32	10.64
11 5/8 1992	99 9/32	11.57	98 7/32	11.59
11 1/4 1995	96 15/32	11.87	96 13/32	11.89
11 1/4 2015	95	11.87	94 27/32	11.88
Corporate	Feb 28* Price	Feb 28* Yield	Prev Price	Prev Yield
AT & T				
10 3/8 June 1990	96 1/2	11.25	96 1/2	11.25
3 3/8 July 1990	76	9.75	76	9.75
8 3/4 May 2000	76 3/8	12.15	76 3/8	12.15
Xerox				
10 3/8 March 1993	94 1/2	11.70	94 1/2	11.70
Diamond Shamrock				
10 3/4 May 1993	92 1/2	12.10	92 1/2	12.10
Federated Dept Stores				
10 3/8 May 2013	87 3/8	12 3/8	87 3/8	12 3/8
Abbot Lab				
11.80 Feb 2013	95	12.43	95	12.43
Alcoa				
12 1/4 Dec 2012	97 3/8	12 1/2	97 3/8	12 1/2

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
March	68-28	69-14	68-23	69-05
U.S. Treasury Bills (IMM)				
$1m points of 100%				
March	91.42	91.49	91.40	91.48
Certificates of Deposit (IMM)				
$1m points of 100%				
March	90.68	90.74	90.66	90.71
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	90.40	90.43	90.37	90.55
20-year Notional Gilt				
£50,000 32nds of 100%				
March	103-22	104-02	103-11	104-16

COMMODITIES

(London)	Feb 28	Prev
Silver (spot fixing)	523.35p	527.05p
Copper (cash)	£1,249.50	£1,238.50
Coffee (March)	£2,389.50	£2,356.50
Oil (spot Arabian light)	$27.70	$27.65

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	18⅛	AAR	.48	2.3	16	6	21⅛	21	21	−⅛
23½	9⅞	AGS			11	123	15⅛	15	15	−⅛
16¼	11	AMCA				8	11⅜	11⅜	11⅝	−⅛
17⅞	13⅞	AMF	.90	3.0	38	379	16⅞	16½	16⅞	+⅛
41	24¼	AMR			10	3211	u41⅞	40⅞	41⅞	+1
20⅞	18¼	AMR	pf2.18	11.		28	20¼	20⅛	20¼	
25⅞	22⅞	ANR	pf2.67	10		4	25⅝	25⅝	25⅝	
28	15	ANR	pf2.15	10		1	21¼	21¼	21¼	−¼
14¼	8½	APL			3	14	10⅜	10⅛	10⅛	−⅛
69¾	44⅛	ASA	2	4.3		506	47¼	46½	46⅞	
27	16	AVX	.32	1.3	15	322	24¼	23⅞	24	+¼
49	36¾	AbtLab	1.20	2.6	14	2006	48	47½	47⅞	+¼
25⅞	16½	AccoWd	s.44	1.6	10	18	24	23⅞	23⅞	−⅛
23¼	12½	AcmeC	.40	2.2		64	18⅛	18	18⅛	+⅛
10⅜	6⅛	AcmeE	.32b	3.2	12	4	9⅞	9⅞	9⅞	−⅛
17⅝	15	AdaEx	2.11e	13.		64	16⅝	16½	16⅝	
20	11⅞	AdmMl	.32	1.6	6	29	19⅞	19⅝	19⅝	
19½	8⅝	AdvSys	3.11	6.0	19	17	11⅜	11⅜	11⅜	−⅛
41⅜	25⅞	AMD			14	1435	33⅞	32⅞	23⅞	+¼
12⅞	6⅝	Advest	.12	1.1		168	10⅝	10⅝	10⅝	−⅛
14⅝	8⅝	Aerflex			13	127	13⅞	13½	13⅞	
42⅞	27¼	AetnLf	2.64	6.5	46	1576	41⅝	41	41⅝	+½
59¾	52⅞	AetL	pf5.87e	11.		39	55⅝	55½	55⅝	−⅛
22¼	15¼	Ahmns	1.20	4.3	12	1809	28	27⅝	28	+¼
4⅞	2⅝	Aileen			60	135	3⅛	3	3	
51	38	AirPrd	1.20	2.4	11	224	49½	49⅛	49⅛	−¼
24⅞	15	AirbFrt	.60	2.5	13	205	24¼	23⅞	24	
2	⅞	AlMoa	s		28	60	1⅛	1⅛	1⅛	
32	26¼	AlaP	pfA3.92	13		31	31¼	30⅞	31	+¼
7½	6	AlaP	dpf.87	12		23	7⅜	7⅜	7⅜	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
45¼	33¼	Xerox	3	6.8	18	2047	45⅝	44⅞	45⅜	+ ¼
51¼	45¼	Xerox	pf5 45	11		147	50	49¼	49⅞	
29	19	XTRA		2.5	9	162	26¼	25⅞	26	– ⅛
30	24	ZaleCp	1 32	4.5	9	152	29⅞	29⅜	29⅛	– ⅛
24⅞	14½	Zapata	.84	5.4	18	607	15½	15¼	15½	
58	20	Zayre	.40b	.7	13	151	56¼	56	56⅛	– ⅛
31¼	16⅛	ZenithE			6	1692	22⅝	22½	22⅝	– ⅛
27¾	18	Zero	.40	1.5	19	10	26⅛	25⅞	25⅞	– ⅛
21⅛	20½	Zero	wi			1	21⅛	21⅛	21⅛	
31⅛	21⅛	Zurnin	1 32	4.4	11	118	30⅛	29¾	29⅞	– ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

WORLD STOCK MARKETS

AUSTRIA

Feb. 22	Price Sch%	+ or —
Creditanstalt	236	+1
Goesse	A78	—10
Interunfall	310	
Laenderbank	232	
Perlmooser	448	+13
Steyr-Daimler	171	+3
Veitscher Mag.	386	+6

BELGIUM/LUXEMBOURG

Feb. 28	Price Frs.	+ or —
B.B.L.	1,830	
Banq. Int. A. Lux	3,750	+100
Bekaert B	3,250	—10
Ciment CBR	9,353	—20
Cockerill	274	—2
Delhaize	7,600	+360
EBES	2,920	
Electrobel	8,360	
Fabrique Nat.	2,183	+5
GB Inno BM	2,260	—20
GBL (Brux)	2,153	—13
Gevaert	3,850	
Hoboken	3,980	-40
Intercom	2,225	+15
Kredietbank	8,060	+10
Pan Hldgs.	11,600	
Petrofina	7,140	+90
Royale Belge	10,773	
Soc. Gen. Banq	5,400	
Soc. Gen. Belge	1,213	+3
Sofina	7,330	+80
Solvay	4,305	—15
Stanwick Intl.	1,300	—10
Tractionel	4,000	—20
UCB	A,280	+13
Wagon Lits	2,560	+60

DENMARK

Feb. 22	Price Knr %	+ or —
Andelsbanken	291	+3
Baltic Skand	630	+20
CopHandelsbank	284	+1
D. Sukkerfab	545	
Danske Bank	285	
De Danske Luft.	1,240	
East Asiatic	131	+1
Forenede Brygg.	830	
Forenede Damp.	29	+1
GNT Hldg	490	+5
I.S.S.B.	367	+12
Jyske Bank	630	+10
Novo Ind.	1,750	
Privatbanken	236	+6
Provinsbanken	298	+3
Smidth (F)	225	+4
Sophus Berend	960	+10
Superfos	485	+9

FRANCE

Feb. 28	Price Frs.	+ or —
Emprunt 4½% 1973	1,659	+17
Emprunt 7% 1973	7,649	+29
Accor	257	—5
Air Liquide	625	—1
BIC	545	—2
Bongrain	1,654	—5
Bouygues	639	—2
BSN Gervais	2,425	—10
CIT-Alcatel	1,250	—5
Carrefour	1,900	
Club Mediter'n	1,170	—2
Cie Bancaire	575	—4
Cofimeg	266	+0.9
Damart	2,295	+5
Darty	1,200	+28
Dumez S.A.	615	—1
Eaux (Cie Gen)	549	—6
Elf-Aquitane	241	—5
Essilor	2,919	+18
Gen. Occidentale	769	
Imetal	86	—1
Lafarge Coppee	418.1	—5.9
L'Oreal	2,385	—30
Legrand	2,075	—1
Maisons Phenix	208	—4.9
Matra S.A.	1,815	—25
Michelin B	826	
Midi (Cie)	2,268	+58
Moet-Hennessy	1,895	—5
Moulinex	111.5	—0.1
Nord Est	77.6	+0.6
Pernod Ricard	720	—4
Perrier	532	+4
Petroles Fra.	265	+0.5
Peugeot S.A.	259.5	—2
Printemp.Aus	184	
Radiotech	260	—3
Redoute	1,270	
Roussel-Uclaf	1,555	+15
Selimeg	520	+5
SkisRossignol	1,930	+8
Telemech Elect	2,575	—15
Thomson CSF	486	—5.5
Valeo	255.8	—2.2

GERMANY

Feb. 28	Price Dm.	+ or —
AEG-Telef.	108.3	—1.3
Allianz Vers	1917xr	—9
BASF	204	+4
Bayer	206	+4.2
Bayer-Hypo	312.3	+0.3
Bayer-Verein	322	
BHF-Bank	263	
BMW	382.5	+2.5
Brown Boveri	514.5	—1
Commerzbank	153	—1.9
Cont'l. Gummi	120.5	+0.3
Daimler-Benz	632.5	
Degussa	322.5	+3
D'sche Babcock	168	—0.5
Deutsche Bank	407	+5
Dresdner Bank	190.5	—0.3
GHH	154.4	+1.4
Hochtief	468	+8
Hoechst	199.4	+4.3
Hoesch Werke	109.6	+5
Holzmann (P)	400	+3
Horten	146	+2.5
Hussel	382.5	—3.5
Karstadt	214.5	—2.5
Kaufhof	214	—1
KHD	260xr	
Kloeckner	74.3	—0.1
Linde	417.5	—1.5
Lufthansa	120.8	+2.2
MAN	165	+2
Mannesmann	162.2	—0.5
Mercedes Hld	562	—1
Metallgesell	243	+5
Munech Rueck	1176	
Nixdorf	538	+2.5
Porsche	1,500	+23
Preussag	257.5	+0.2
Rhein West Elect	139.8	—0.9
Rosenthal	250	
Schering	456	+2.3
Siemens	542.3	+0.3
Thyssen	101	+0.1
Varta	181.8	+4.8
Vebe	168	+0.5
V.E.W.	122.7	+0.2
Verein-West	511	
Volkswagen	122.1	+0.3

ITALY

Feb. 28	Price Lira	+ or —
Banca Com'le	19,000	+200
Bastogi-IRBS	125	+7
Beni Invest Risp	3,850	—30
Centrale	3,401	—4
Credito Varesino	4,280	—71
Fiat	2,774	+84
Finsider	50	—5
Generali Assicur.	41,010	+210
Italcementi	65,860	+220
La Rinascente	558	
Montedison	1,540	+5
Olivetti	6,250	+50
Pirelli Co.	4,595	+2
Pirelli Spa	2,231	+11
Snia BPD	2,950	+60
Toro Assic.	15,350	
do. Pref.	11,460	—52

NETHERLANDS

Feb. 28	Price Fls	+ or —
ACF Holding	185	—5
AEGON	171.8	+0.8
Ahold	212.3	—1.8
AKZO	106.5	—0.7
ABN	594.5	+1.5
AMEV	204.5	—2.8
AMRO	72.4	+0.3
Bredero Cert.	155	—2
Bos Kalis Westm.	15.2	
Buehrmann-Tet.	88.8	—0.2
Calland Hldgs.	34.5	—0.4
Dordtsche Pet'm	175	—1
Elsevier-NDU	111.5	
Fokker	95.5	—1.2
Gist Brocades	182.5	—0.5
Heineken	155.5	+0.1
Hoogovens	59.8	—0.2
Int Mueller	42.0	+0.5
KLM	86.7	
Naarden	48.8	+0.1
Nat Ned Cert	264	—2.6
Ned M d Bank	176.5	—5.8
Nedlloyd	172.5	+5.8
Oce Grinten	299.5	+0.5
Ommeren (Van)	26.0	—0.2
Pakhoed	67.9	—0.1
Philips	60.6	+1.4
Robeco	75.8	—0.4
Rodamco	138.7	—0.1
Rolinco	69.5	—0.5
Rorento	43.9	—0.2
Royal Dutch	200.5	—0.5
Unilever	331.6	
VMF Stork	141.0	—0.5
VNU	202.0	—0.5
West Utr Bank	102.3	—0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Feb. 22	Price Kroner	+ or —
Bergens Bank	153	+1
Borregaard	380	—3
Christiania Bank	161	+2
DenNorske Cred	133	—2
Elkem	149	
Kvaerner	180	—3
Norsk Data	412.5	—0.5
Norsk Hydro	106.5	—2.5
Storebrand	233	+6

SPAIN

Feb. 28	Price Pts%	+ or —
Bco Bilbao	335	
Bco Central	396	—2
Bco Exterior	204	—2
Bco Hispano	159	—1
Bco Popular	573	—3
Bco Santander	343	
Dragados	183	—2.3
Hidrola	84.5	—2.2
Iberduero	95	—5
Petroleos	133.7	—5.5
Telefonica	193.7	—1.3

SWEDEN

Feb. 28	Price Kronor	+ or —
AGA	570	
Alfa-Laval	190	
ASEA (Free)	323	
Astra (Free)	585	+3
Atlas Copco	109	—1
Cardo (Free)	231	+1
Cellulosa	192	—2
Electrolux B	309	—9
Ericsson	273	—1
Esselte	575	
Mo Och Domsjo	234	—1
Pharmacia	201	
Saab Scania Free	440	—3
Sandvik	387	—3
Skandia	283	—5
Skan Enskilda	32	—1
SKF	199	—1
St Kopparbergs	143	
Sven Handlesbn.	170	+1
Swedish Match	235	
Volvo B (Free)	996	—1

SWITZERLAND

Feb. 28	Price Frs.	+ or —
Alusuisse	875	+5
Bank Leu	5,700	—50
Brown Boveri	1,516	+10
Ciba Geigy	2,890	—10
do. (Part Certs)	2,515	+10
Credit Suisse	2,325	—15
Elektrowatt	2,640	
Fischer (Geo.)	750	
Hoff-RochePtCts	87,500	—1,125
Hoff-Roche 1/10	8,675	—200
Jacobs Suchard	6,225	—85
Jelmoli	1,970	+10
Landis & Gyr	1,570	+10
Nestle	6,525	—55
Oer-Buehrle	1,475	—5
Pirelli	222	
Sandoz (Br)	7,950	
Sandoz (PtCts)	1,380	—20
Schindler (PtCts)	725	+10
Sika	1,080	—20
Surveillance	4,150	+55
Swissair	1,165	—5
Swiss Bank	368	—2
Swiss Reinsce	9,500	+50
Swiss Volksbk	1,490	—5
Union Bank	3,650	+20
Winterthur	5,725	+150
Zurich Ins	20,600	+60

AUSTRALIA

Feb. 28	Price Aust $	+ or —
ANZ Group	4.58	
Alliance Oil Dev.	1.05	
Ampol Pet.	1.8	+0.02
Ashton	0.9	+0.02
Aust Cons Ind.	1.92	+0.02
Aust. Guarantee	2.8	
Aust. Nat. Inds	2.58	+0.03
Aust. Paper	2.61	+0.01
Bell Group	5.8	+0.14
Bell Res.	6.36	+0.26
Bond Corp Hldgs	1.5	+0.04
Boral	5.29	+0.04
Bougainville	1.94	+0.01
Brambles Inds.	5.7	
Bridge Oil	2.15	+0.05
B.H. Prop.	5.5	+0.02
CRA	5.82	+0.1
CSR	2.77	—0.03
Carlton Utd	4.30	
Castlemaine Tys.	4.68	+0.03
Coles (G.J.)	5.8	—0.1
Comalco "A"	2.65	
Consolidated Pet	0.47	—0.03
Costain Aust	1.5	
Dunlop Aust.	2.28	+0.03
Elders IXL	5.12	—0.05
Energy Res.	1.5	

AUSTRALIA (continued)

Feb. 28	Price Aust. $	+ or —
Gen Prop Trust	2.12	
Hardie (James)	3.13	+0.09
Hartogen Energy	2.17	—0.01
Herald W'yTimes	4	+0.05
ICI Aust.	1.86	+0.01
Jimberlana F.P.	0.28	+0.01
Kia Ora Gold	0.12	
Lend Lease	6	+0.02
MIM	2.53	
Mayne Nickless	5.22	+0.02
Myer Emporium	1.83	+0.01
Nat. Aust. Bank	3.56	+0.01
News	12.75	+0.05
Nicholas Kiwi	2	+0.06
North Bkn Hill	2.34	+0.04
Oakbridge	0.7	+0.02
Pancont'l	1.55	+0.03
Pioneer Conc.	1.5	+0.01
Poseidon	2.88	+0.03
Queensland Coal	1.44	+0.03
Reckitt & Coln.	5.35	+0.05
Repco	1.17	
Santos	5.46	
Smith (Howard)	4	+0.15
Thos. Natwide	1.25	
Tooth	5.8	
Vamgas	5.4	
Western Mining	3.58	+0.06
Westpac Bank	3.52	+0.03
Woodside Petrol.	0.72	+0.01
Woolworths	3.2	
Wormald Intl.	3.15	—0.02

HONG KONG

Feb. 28	Price H.K.$	+ or —
Bank East Asia	94.3	
Cheung Kong	13.3	—0.02
China Light	14.A	—0.1
Evergo	1.42	+0.02
Hang Seng Bank	46.3	+0.5
HK Electric	7.45	—0.1
HK Kowloon Wh.	5.55	—0.25
HK Land	4.92	+0.07
HK Shanghai Bk.	8.75	
HK Telephone	63	—1
Hutchison Wpe.	20.4	—0.3
Jardine Math.	9.7	+0.2
New World Dev.	5.75	—0.1
Orient O'seas	2.52	
O'seas Trust Bk.	2.72	+0.02
SHK Props	9.3	—0.15
Shell Elect.	1.75	—0.01
Swire Pac A	24	—0.4
TV—B	3.2	+0.1
Wheel'k Mard A.	7.2	
Wheel'k M'time	1.15	
World Int. Hldgs.	1.86	—0.06

JAPAN

Feb. 28	Price Yen	+ or —
Ajinomoto	1,080	—10
Alps Electric	2,260	+10
Amada	1,200	—50
Asahi Chem	720	
Asahi Glass	915	+45
Bridgestone	525	—17
Canon	1,430	+30
Casio Comp.	1,950	+70
Chugai Pharm.	1,160	+120
Citizen	557	—2
Daiei	535	+5
Dai Nippon Ptg.	1,010	+52
Daiwa House	658	—7
Ebara	368	—8
Eisai	1,980	+110
Fanuc	13,050	
Fuji Bank	1,600	—80
Fuji Film	1,210	+50
Fujisawa	1,110	+60
Fujitsu	1,140	+30
Green Cross	2,750	+160
Hasegawa	552	
Heiwa Real Est.	630	—5
Hitachi	880	+5
Hitachi Credit	1,100	—20
Honda	1,430	+10
House Food	720	+20
Hoya	2,340	+80
Itoh (C)	341	+1
Ito. Yokado	2,330	+60
Iwatsu	1,090	+10
JACCS	521	+5
JAL	5,220	+270
Jusco	710	+10
Kajima	272	—1
Kao Soap	826	
Kashiyama	600	—3
Kirin	564	—1
Kokuyo	891	—10
Komatsu	433	—5
Konishiroku	702	
Kubota	320	+1
Kumagai	625	
Kyoto Ceramic	8,270	+20
Maeda Const.	460	+2
Makino Milling	1,440	+40
Makita	1,140	+10
Marubeni	305	—4
Marudai	560	+9
Marui	990	—5
MEI	1,620	+60
M'ta Elec Works	736	—16
M'bishi Bank	1,580	—90
M'bishi	625	—2
M'bishi Elec	390	
M'bishi Estate	600	+15

JAPAN (continued)

Feb. 28	Price Yen	+ or —
MHI	243	
Mitsui Co	322	—3
Mitsui Estate	330	—5
Mitsukoshi	444	
NGK Insulators	1,010	+56
Nihon Cement	215	—2
Nippon Denso	1,380	+10
Nippon Elect	1,210	+30
Nippon Express	338	+3
Nippon Gakki	9,400	+100
Nippon Kokan	154	—1
Nippon Oil	823	+11
Nippon Seiko	655	+15
Nippon Shimpan	330	+17
Nippon Steel	146	
Nippon Suisan	325	—2
NTV	11,600	—400
Nippon Yusen	243	—1
Nissan Motor	503	—6
Nisshin Flour	482	—2
Nisshin Steel	132	+3
Nomura	1,100	—20
Olympus	1,330	+20
Orient Leasing	3,160	+10
Pioneer	3,130	+900
Renown	335	—4
Ricoh	220	+27
Sankyo	1,530	
Sanyo Elect.	A90	—2
Sapporo	403	—6
Sekisui Prefab	858	—8
Seven-Eleven	6,900	+300
Sharp	1,060	+10
Shimadzu	825	+5
Shionogi	716	+5
Shiseido	1,050	—20
Sony	4,840	+940
Stanley	1,000	—20
S'tomo Bank	1,800	—90
S'tomo Elect	212	—1
S'tomo Marine	520	—27
S'tomo Metal	144	
Taihei Dengyo	461	
Taisei Corp	198	
Taisho Pharm	1,090	—10
Takeda	853	—2
TDK	2,470	+190
Teijin	430	—3
Teikoku	623	+2
Tokyo Marine	850	+20
TBS	899	—21
Tokyo Elect Pwr	1,300	+40
Tokyo Gas	105	+1
Tokyo Sanyo	728	+8
Tokyo Style	712	—3
Tokyu Corp.	520	+5
Toppan Print	873	+5
Toray	444	+2
Toshiba Elect.	424	+9
TOTO	550	—6
Toyo Seikan	863	+6
Toyota Motor	1,310	—20
Victor	2,530	+180
Wacoal	708	+2
Yamaha	775	+5
Yamanouchi	3,760	—140
Yamazaki	630	—4
Yasuda Fire	422	+7
Yokogawa Bdge.	425	—2

SINGAPORE

Feb. 28	Price $	+ or —
Boustead Hldgs.	1.82	—0.04
Cold Storage	2.76	—0.02
DBS	5.15	+0.05
Genting	6.6	+0.15
Haw Par. Bros.	2.59	
Hong Leong Fin.	5.28	
Inchcape Bhd.	2.5	
Keppel Shipyard	1.82	—0.1
Malay Banking	6	
Malay Utd. Ind.	2.5	—0.05
Multi Purpose	0.95	—0.08
OCBC	2.25	+0.05
OUB	4	
Public Bank	1.82	
Sime Darby	1.97	+0.03
Singapore Press	6.50	
Straits Trdg.	4.58	+0.02
Tat Lee Bk.	2.75	+0.02
UOB	4.54	+0.02

SOUTH AFRICA

Feb. 28	Price Rand	+ or —
Abercom	1.25	
AE&CI	5.9	—0.2
Allied Tech	48	—2
Anglo Am Coal	45.75	—0.25
Anglo Am Corp.	22.85	+0.35
Anglo Am Gold	161	+1.5
Barclays Bank	13.75	—0.25
Barlow Rand	8.75	+0.05
Buffels	68	+2
CNA Gallo	2.5	
Currie Finance	3.5	
De Beers	9.05	+0.05
Driefontein	47.75	+0.25
FS Geduld	42.5	+1
Gold Fields SA	26	+0.5
Highveld Steel	3.85	
Nedbank	9.5	+0.5
OK Bazaars	12.75	
Protea Hldgs.	1.2	—0.05
Rembrandt	31.25	+0.25
Rust Plat	15.35	+0.1
Saffren	12.3	
Sage Hldgs.	5.5	
SA Brews	6	
Smith (CG)	19.15	
Tongaat Hulett	5.75	—0.29
Unisec	4.65	—0.1

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr. 3pc 1987	£86⅝	+1¼
Tr. 2 pc I.L. 1996	£113¾	+2⅝
Babcock Intl.	147	+7
Connells Est. Ag.	105	+7
Dewey Warren	263	+8
Equity & Law	223	+8
Fisons	300	+18
Hawley Group	100	+4
Invent En	760	+20
Legal & Gen	605	+17
Norfolk Cap	25½	+3
Oilfield Insp	135	+15
Oxford Ins	265	+22
RHM	132	+5
Ratcliffs	145	+8
Ratners	59	+5
Sangers	46	+7
Sirdar	134	+8
Stylo	206	+8
Sun Life	755	+17

FALLS

Brint Invs.	85	—25
Burnett & Hal	65	—70
Cable & Wire	490	—16
Caledonian Offs	320	—15
Eastern Produce	348	—12
ICI	835	—21
Nova (Jersey)	21	—5
Telefusion	33	—8

Continued on Page 44

CANADA

TORONTO

Closing prices February 28

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL

Closing prices February 28

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

LONDON STOCK EXCHANGE

MARKET REPORT

Low coupon Gilts up sharply on surprise tax moves
Late U.S. selling of ICI

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18
Mar 11	Mar 21	Mar 22	Apr 1

* "New-time" dealings may take place from 2.30 am two business days earlier.

Government securities again held centre-stage in London stock markets yesterday. The surprise move by the Chancellor to close the tax *loophole* of "Bond Washing"—the conversion of income from accrued interest into capital gains—caused a great deal of confusion in the Gilt-edged market. Trading was delayed until 11 am in order to give dealers time to assess the situation and it was several hours later before quotations settled down and routine business commenced.

Index-linked gilts featured immediately dealings began, with quotations soon showing rises to 3 points, while *low* coupon shorts, designed to attract high tax payers, quickly displayed gains of 2 points. These were subsequently reduced to just over two points in the index-linked and to 1½ in the low coupons as the market began to find a trading level. High coupon issues moved in the opposite direction, short-dated stocks settling with falls ranging to ⅛ and the longer maturities ending up to ½ lower, after having shown losses extending to a point.

Meanwhile, much of the day's interest in the equity market centred upon **ICI** and **Fisons**. The former's preliminary results showing profits of over £1.03bn were well received and the shares touched 874p before late U.S. selling left the price 21 down on balance at 835p. **Fisons** rallied smartly as the widely predicted £94m rights issue was counteracted by the better-than-expected 55 per cent growth in annual profits.

Sterling's steady performance *yesterday after Wednesday's* dramatic events on foreign exchange markets helped boost underlying sentiment in equity sectors, but failed to generate much in the way of buying enthusiasm. Although most leading issues edged a shade higher, the late fall in ICI left the Financial Times Ordinary share index down 0.3 on the day at 979.9.

Life insurances up

Hopeful that the Chancellor's action on "bond washing" will now leave Life Insurances exempt from any pension legislation in the *Budget*, *dealers* marked the sector higher. Buyers later appeared, but best levels were not always held. **Legal and General** ended with a rise of 17 at 605p, after 608p, while **Sun Life** closed the same amount better at 755p, after 759p. **Prudential** put on 10 to 535p as did **Refuge** to 305p. **Equity and Law** gained 8 at 223p and **Britannic** added 5 to 655p. Elsewhere, **Dewey Warren** rose 8 to 263p in response to the sharply higher annual profits. **C. E. Heath**, however, dropped 8 to 615p and **PWS International** softened 15 to 535p on profit-taking.

Trade in the major clearing banks remained at a disappointing *level* ahead of next week's start of the dividend season. **NatWest**, scheduled to begin the proceedings on Tuesday, closed 4 better at 652p following publicity given to a broker's circular. **Barclays**, annual figures due next Thursday, firmed 3 to 608p for the same reason.

Sims Catering Butchers staged a satisfactory debut in the Un*listed* Securities Market: the shares, placed at 128p, opened at 152p, but slipped to 142p before settling at 145p. Among other recently-issued equities, lack of support left **Hillsdown Holdings** 10 down at 165p, but publicity given to a broker's circular lifted **Sangers** 7 to 46p with the new nil-paid shares 5 higher at 9p premium.

Coal mining, oil and property group **Burnett and Hallamshire** plummetted to 60p prior to closing a net 70 down on balance at 65p on news that the company is holding discussions with its principle bankers with a view to reducing its overall debt and limiting exposure to its Californian property interests. USM-quoted **Brint Investments**, which is linked to B and H through cross-shareholdings, fell 25 to 85p.

Leading Building issues continued to *attract* selective support. **Redland** were favoured and moved up 12 to 269p, while **Tarmac** firmed 6 afresh to 474p. **Blue Circle** hardened 5 to 505p, as did **BPB Industries**, to 240p. Elsewhere, **John Laing** rose 5 to 205p, but recently-firm **F. J. C. Lilley** slipped 3 to 67p: the latter has recently been awarded contracts worth £84m. **Baggeridge Brick** gained 12 to 242p in a restricted *market* and **Benford Concrete Machinery** added a couple of pence to 70p *following* a *newsletter* recommendation.

House of Fraser attracted fresh speculative support and touched 332p before settling 6 up on balance at 328p. **Burton** hardened 3 to 424p, but **Marks and Spencer** eased a couple of pence to 138p. **Ratners (Jewellers)** continued to benefit from persistent speculative demand and rose 5 more to 59p, while buyers also came in for **Bolton Textile**, 4 up at 21p, and **W.W.**, 5 dearer at 205p. **Steinberg** were *volatile*; *sold down to* 58p during the morning, the shares attracted support at this level and rallied sharply to settle only a net penny off at 68p.

Stylo advanced 8 more to 206p, having earlier attained a 1984-85 peak of 210p. Elsewhere in Footwear counters, **FII** improved 5 to 220p following the *increased interim profits* and dividend. **Newbold and Burton** held the overnight level of 80p depite announcing sharply lower *full-year earnings*, but sellers predominated in **Strong and Fisher** which dipped 8 to 142p.

Cable & W. down

Cable and Wireless took a distinct turn for the worse in Electricals, falling 16 to 490p following profit-taking in the wake of the recent investment seminar in Hong Kong. **Standard Telephones and Cables**, on the other hand, rose 6 to 198p on further consideration of the results, while improvements of 3 and 4 respectively were seen in **Thorn EMI**, 448p, and **Racal**, 212p. Elsewhere, **Oxford Instru*ments*** jumped 22 to 265p in response to speculative buying fuelled by vague talk of a bid from Ferranti. **Pressac** put on 4 to 104p and **Rotaflex** gained 7 at 172p. **Telefusion** dropped 6 to 33p on news of the reduced interim dividend and £0.36m first-half deficit.

Buyers remained interested in selected Engineering issues, but the volume of business was smaller than of late. **Babcock** came to life with a rise of 7 to 147p, while **Tace** put on 6 at 426p and **Carclo** added 5 at 225p. **Garton** rose 4 to 66p and **Triplex** put on 3 to 38p. **Ratcliff (BG)** advanced 8 to 145p in response to the annual results and **Baker Perkins** continued to draw strength from a broker's circular and added 2 afresh at 207p. Awaiting news from an analysts' meeting, **Westland** moved up 3 to 123p, while **Glynwed** added 4 to 179p following property sale news. Profit-taking clipped 6 from **TI**, at 238p, and 5 from **Vickers**, at 241p.

Among Foods, favourable reports emanating from a broker's lunch stimulated **Ranks Hovis McDougall** which rose 5 to 132p. **Unigate** also benefited from a meeting with brokers and hardened a couple of pence to 146p. **S. and W. Berisford** gained 7 to 175p following the annual *report*. Retailers were generally neglected, but **Albert Fisher** attracted fairly persistent support and gained 6 to 132p. Elsewhere, profit-taking in the wake of the annual results clipped a couple of pence from **British Vending Industries** at 63p, but revived speculative demand lifted recently-dull **Brewmaker** 6 to 34p.

Leading *Hotels and Caterers* gave modest ground on lack of fresh support, but secondary issues displayed several bright *spots*. **Norfolk Capital** put on 3 to 25½p on takeover hopes and **Queens Moat Houses** added a penny to 55p. Further demand in a restricted market lifted **Garfunkels** 7 for a two-day gain of 15 to 225p.

Fisons rally

Fisons recovered well from Wednesday's depression, rising 18 to 300p, after 302p, as investors ignored the widely anticipated £94m rights issue and paid more heed to the better-than-expected 55 per cent jump in annual profits. Other miscellaneous industrial leaders edged higher in sympathy with ICI's figures, but most closed below the best in places. **BTR**, currently locked in a bid battle with Dunlop, firmed 9 to 645p. **Metal Box** gained 5 at 423p. Still drawing strength from a broker's circular, **Reckitt and Colman** improved 12 more to 540p. Elsewhere, **Hawley** gained 4 to 100p on buying ahead of Monday's preliminary results and **Courteney Pope** revived with an improvement of 8 at 258p. **Applied Computer** rallied 5 to 225p and **Siebe** put on 7 at 537p. The absence of the rumoured bid prompted profit-taking in **Brammer**, which touched 312p before closing only a penny cheaper on balance at 317p. **Eastern Produce**, reflecting its commodity interests, lost 12 at 348p, while **Johnson Matthey** cheapened 5 to 70p on further consideration of the quarterly figures. **Marley** slipped to 79p after comment on the preliminary results, but rallied late to close unaltered at 83p.

Investors continued to show enthusiasm for **Group Lotus** which advanced 4 more to 88p—a gain of 12 so far this week following reports of a link with Chrysler of the U.S. **Dowty** rose 4 more to 204p, while news of strike action at the Girling plants in South Wales failed to unsettle **Lucas**, unchanged at 262p. Distributors were mixed. Recent speculative favourite **Appleyard** reacted 4 to 58p on profit-taking, but **Lex Service**, beleaguered of late following a broker's downgrading of profits, rallied 5 to 220p, after 225p; the latter's preliminary figures are scheduled for next Wednesday.

A lively trade developed in **Fleet Holdings** which dipped 6 to 277p in the absence of news concerning discussions regarding *a closer association with* **Aitken Hume**, 6 lower at 182p. Elsewhere, **Good Relations** eased a couple of pence to 228p following the preliminary figures but modest gains were noted for **Saatchi and Saatchi**, 880p, and **Lowe Howard-Spink**, 300p.

The Property leaders made further modest progress with **Land Securities** and **MEPC** both a penny dearer at 289p and 296p respectively. **Great Portland Estates** firmed 4 to 152p and **British Land** 3 to 137p. Elsewhere, estate agents **Connells** gained 7 to 105p awaiting details of the company's expansion programme. **Raglan** lost ½ to 9p on *news of the agreement to acquire various properties from Glynwed* for £4.55m to be satisfied by the issue of 56m shares; the latter will own 28.9 per cent of Raglan's enlarged capital.

Textiles rarely strayed from overnight positions with the noteworthy exceptions of **Sirdar**, 134p, and **Leeds**, 160p, both 8 dearer. In contrast, **Nova** *(Jersey)* lacked support and slumped 5 to 21p.

Dealings in money brokers **R. P. Martin**, suspended at 420p on Wednesday, resumed yesterday afternoon at 435p following the agreed cash offer of 450p per share from Quadrex.

Oils lower

Leading Oils were marked lower early on and moved narrowly throughout the morning session. However, during the afternoon the emergence of overseas support, reflecting the trend in currencies, encouraged a late rally and most issues closed with only minor losses on balance. The recovery trend developed despite the latest decline in North Sea oil spot markets.

BP *retreated* to 525p before closing a net 5 off at 530p; the annual results are expected next Thursday. **Shell**, scheduled to report preliminary figures exactly a week after BP, settled a like amount off at 755p and **Royal Dutch** dipped ½ to £48. Initially marked down to 203p **Britoil** rallied to end the day only 3 cheaper at 207p while takeover favourite **Burmah Oil** managed a minor gain at 210p. **Enterprise Oil** fell away to 188p at the outset but rallied to close 3 off at 190p in the wake of news that the company is acquiring Tanks Oil and Gas Holdings from Tanks Consolidated for £14m.

Among secondary issues **Caledonian Offshore** initially touched a 1984-85 high of 340p but encountered substantial profit-taking to close a net 15 lower at 320p.

The gas find in the North Sea helped **LASMO** rally to close unaltered on balance *at 351p*, after 343p, and boosted **Petrolex** and **Berkeley Exploration** 2 apiece to 70p and 135p respectively.

Golds quiet

The two-day rally in gold and related issues—inspired by the steep decline in the dollar—came to a halt as the U.S. currency staged a recovery movement in London.

South African Golds opened a shade firmer, reflecting renewed support from a number of Continental centres, but ran out of steam prior to midday as gold share operators sensed the imminent rally in the dollar. Consequently, share prices began to drift easier and by the close many were showing modest losses on balance and the Gold Mines index posted a 2.6 fall at 465.5.

Financials suffered from lack of interest and showed widespread minor falls. **Rio Tinto-Zinc** and **Consolidated Gold Fields** gave up 5 apiece at 637p and 500p respectively, the latter in front of the interim figures scheduled for Tuesday.

Australians improved in over*night* Sydney and Melbourne markets but encountered light selling pressure in London. **Peko-Wallsend** were quoted at 268p following the results and "ex" the issue of options on the basis of one option for every ordinary share; the options were trading at 54½p at the close of business. **Renison** put on 8 to 270p in the wake of the interim figures, while **CRA** moved up 4 to 380p and **Western Mining** a like amount to 234p.

FINANCIAL TIMES STOCK INDICES

	Feb. 28	Feb. 27	Feb. 26	Feb. 25	Feb. 22	Feb. 21	year ago
Government Secs.	80.56	80.22	79.29	79.32	72.62	72.62	82.87
Fixed Interest	83.73	83.71	85.17	82.96	83.30	83.64	86.69
Ordinary	872.2	980.2	273.0	268.0	973.2	984.9	828.3
Gold Mines	465.2	468.1	448.7	441.4	465.2	488.0	579.3
Ord. Div. Yield	4.46	4.44	4.45	4.45	4.43	4.39	4.46
Earnings, Yld.% (full)	11.12	11.11	11.12	11.14	11.06	10.97	9.48
P/E Ratio (net) (*)	10.80	10.81	10.80	10.78	10.86	10.93	12.73
Total bargains (Est.)	25,013	24,601	27,653	27,841	95,534	84,684	21,929
Equity turnover £m.	—	453.53	510.88	299.91	430.51	389.14	296.69
Equity bargains	—	20,872	20,658	22,271	28,698	15,122	12,920
Shares traded (mll)	—	923.0	166.2	175.7	242.7	128.0	150.7

10 am 978.4. 11 am 980.2. Noon 981.5. 1 pm 982.0. 2 pm 981.7. 3 pm 981.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 10.45.

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.5 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 27	Feb. 22
Daily Gilt Edged Bargains	165.7	151.5
Equities Bargains	133.5	155.8
Value	917.3	640.3
5-day Average Gilt Edged Bargains	148.0	158.0
Equities Bargains	144.1	145.8
Value	764.1	731.4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Feb 28 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Feb 27 Index No.	Tues Feb 26 Index No.	Mon Feb 25 Index No.	Fri Feb 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	540.05	+0.6	9.87	3.96	12.60	537.00	532.06	529.99	532.90	494.91
2	Building Materials (23)	480.85	+1.1	13.28	5.21	9.33	475.71	472.11	473.85	476.05	406.19
3	Contracting, Construction (30)	687.48	−1.4	14.35	5.75	8.93	697.43	696.89	696.41	699.44	755.41
4	Electricals (15)	1504.70	+0.9	10.73	4.96	11.79	1491.17	1483.84	1478.18	1509.60	1257.37
5	Electronics (36)	1730.32	+0.7	8.49	2.88	15.19	1717.97	1693.22	1684.39	1691.80	1449.65
6	Mechanical Engineering (60)	294.66	+0.4	11.40	4.39	10.47	293.52	290.24	288.49	290.60	236.17
8	Metals and Metal Forming (8)	183.32	−0.3	12.34	7.08	10.01	183.91	179.15	179.05	178.70	202.84
9	Motors (18)	158.86	+0.3	11.07	4.76	11.27	158.31	158.22	155.90	156.21	134.40
10	Other Industrial Materials (16)	900.61	+0.9	5.64	3.22	22.25	892.52	890.55	887.92	893.19	632.83
21	CONSUMER GROUP (181)	619.71	−0.2	9.43	3.86	12.83	620.74	619.19	616.33	620.50	480.35
22	Brewers and Distillers (23)	554.71	−0.5	12.21	4.82	10.15	557.42	555.89	553.06	560.62	461.28
25	Food Manufacturing (21)	500.09	—	11.53	4.59	10.84	499.81	499.24	498.44	499.67	389.59
26	Food Retailing (13)	1411.02	+0.1	6.74	2.58	19.75	1409.84	1413.92	1406.89	1417.63	1090.14
27	Health and Household Products (9)	1016.22	+0.8	5.58	2.62	21.06	1008.33	1022.72	1012.27	1015.14	735.40
29	Leisure (22)	685.91	−0.4	8.34	4.79	15.72	688.75	680.48	675.38	678.91	642.26
32	Newspapers, Publishing (12)	1700.16	—	6.88	4.39	28.83	1700.94	1696.83	1686.37	1686.80	1271.48
33	Packaging and Paper (14)	303.97	—	13.83	4.78	8.83	303.90	303.13	302.80	303.07	239.36
34	Stores (45)	544.40	−0.6	7.51	3.43	16.14	547.60	534.37	537.05	531.07	434.11
35	Textiles (19)	337.79	+0.1	11.80	4.22	9.76	337.54	337.84	329.17	327.00	271.98
36	Tobaccos (3)	880.48	−0.8	14.51	4.44	7.66	887.25	902.43	893.84	938.78	534.56
41	OTHER GROUPS (96)	657.29	−0.3	8.95	4.09	14.21	659.52	660.62	662.35	669.53	428.99
42	Chemicals (17)	804.64	−1.5	11.17	4.50	11.43	817.05	826.24	828.38	832.26	587.41
44	Office Equipment (4)	179.11	+0.4	7.38	4.67	16.78	178.40	176.88	175.51	179.38	134.94
45	Shipping and Transport (12)	1115.81	+1.3	6.73	4.46	18.80	1101.92	1086.89	1082.61	1079.07	860.96
46	Miscellaneous (61)	827.55	+0.2	7.87	3.34	25.44	826.06	827.74	829.97	834.07	571.04
48	Telephone Networks (2)	756.05	−0.3	8.85	4.26	14.74	758.28	757.24	760.44	775.20	0.0
49	INDUSTRIAL GROUP (483)	617.37	—	9.42	3.95	13.13	617.50	615.56	614.01	618.62	482.31
51	Oils (17)	1172.83	−0.8	14.87	6.41	8.32	1181.97	1204.88	1221.66	1228.19	1032.12
59	500 SHARE INDEX (500)	663.72	−0.1	10.18	4.29	12.14	664.57	664.54	664.51	669.29	528.39
61	FINANCIAL GROUP (114)	444.35	+0.5	—	5.00	—	442.01	441.00	437.24	439.58	382.21
62	Banks (6)	455.37	+0.3	18.43	6.20	6.87	454.13	454.43	449.97	454.24	413.13
65	Insurance (Life) (8)	609.46	+2.0	—	4.47	—	597.27	596.02	594.45	595.84	498.40
66	Insurance (Composite) (7)	311.84	+1.1	—	5.99	—	308.55	307.80	303.16	305.26	250.54
67	Insurance (Brokers) (6)	1097.92	−0.8	7.01	3.15	19.78	1107.12	1107.31	1085.93	1091.32	617.90
68	Merchant Banks (12)	236.09	—	—	4.54	—	236.18	235.74	233.03	234.02	249.77
69	Property (50)	621.48	+0.2	5.63	3.63	23.45	620.43	616.98	613.65	614.84	350.57
70	Other Financial (25)	288.01	+0.3	9.12	5.42	13.26	287.24	285.84	285.94	287.24	273.82
71	Investment Trusts (106)	630.57	−0.4	—	3.11	—	633.12	629.89	626.66	627.81	489.66
81	Mining Finance (4)	290.61	−0.8	10.05	5.23	12.61	292.98	287.55	287.01	293.49	315.87
91	Overseas Traders (14)	655.57	−0.3	9.46	6.35	13.14	657.47	657.08	652.18	661.81	574.91
99	ALL-SHARE INDEX (738)	608.13	—	—	4.37	—	608.49	607.91	606.89	611.11	493.12

		Index No.	Day's Change	Day's High	Day's Low		Wed Feb 27	Tues Feb 26	Mon Feb 25	Fri Feb 22	Year ago
	FT-SE 100 SHARE INDEX	1259.7	+0.9	1261.9	1257.7	—	1258.8	1259.5	1259.4	1268.9	

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

BRITISH GOVERNMENT INDEX-LINKED STOCKS

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Pfg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant. ● With Warrants attached.

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (81)

BRITISH FUNDS (16)

AMERICANS (1)

Sperry Corpn.

BANKS (1)

Goode Durrant & M.

BUILDINGS (2)

Baggeridge Brick — Hewden-Stuart 10pc

NEW LOWS (18)

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24
Mar 18	Mar 29	June 27	July 8

For *rate indications see end of Share Information Service*

Call options were arranged in Combined Technologies, Mnemos, Stock Conversion, Brunswick, North Kalgurli, London and Northern, Solicitors Law Stationery Society, Tranwood, Great Western Resources, Britannia Arrow, Johnson and Firth Brown, Marley, Epicure, Clive Discount, Barratt Developments and Sangers. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Beecham	352	+ 2
Burmah Oil	210	+ 2
Burnett & Hallamshire	65	−70
Equity and Law	223	+ 8
Fisons	300	+18
Fleet Holdings	277	− 6
ICI	835	−21
Industrial Fin and Inv	230	− 5
Legal and General	605	+17
Marley	83	—
Prudential	535	+10
Stylo	206	+ 8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	51	47	7
Corpns. Dom. and Foreign Bonds	10	18	44
Industrials	280	214	968
Fin. and Props.	96	112	334
Oils	24	34	66
Plantations	7	2	2
Mines	37	54	87
Others	84	56	78
Totals	563	550	1,590

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
ICI	26	856	−12
Shell Trans	20	760	−15
Ind Fin and Inv	18	235	+ 3
Reuters 2	18	355	−10
Jaguar	17	320	− 7
HK Shanghai Bk	16	102½	− 6
Royal Bk Scott	16	31pm	+ 7
Boots	15	169	+ 5
Burnett Hallams	14	135	−20
BAT Inds	13	337	− 5
Glaxo	13	£11⅞	— ⅛

† Nil-paid

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 20,785

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Feb. 28. Total contracts 5,044 Calls 2,972 Puts 2,072.

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
280	210	Young Brew 'A' 50p	210	—	†5.5	2.0	3.7	18.7
180	120	Do. Non V. 50p	130	—	†5.5	2.0	6.0	11.6

BUILDING, TIMBER, ROADS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
261	186	AMEC 50p	251	—	†10.0	2.4	5.7	9.6
202	157	Aberdeen Const.	184	+2	†6.5	2.7	5.0	9.5
210	164	‡Acbest Satellite 5p	208		u2.0	2.5	1.4	40.8
31	15	Allied Plant 5p	18	—	B—	—	—	—
35	22	♥Arlech Ind Hldgs.	22	—	—	—	—	—
77	38	Arncliffe 10p	38	—	†2.66	2.1	‡	5.6
111	81	Armitage	206	—	3.5	1.8	4.7	18.6
337	232	BPB Inds. 50p	248	+5	†7.0	3.5	4.2	8.6
242	124	Baggeridge Brick	242	+12	6.25	3.1	3.7	10.4
45	27	Bailey (Ben) 10p	27	—	1.8	2.9	9.5	4.9
82	20	Baldwin (H. J.) 10p	35	—	—	—	—	13.8
188	68	Barratt Dev. 10p	72	—	7.62	1.7	15.1	4.7
162	115	Bellway	120	−2	1.0	2.0	8.3	8.0
77	55	Benford M. 10p	70	+2	3.75	1.2	1.1	15.9
160	96	‡Berkeley Group	160	—	u3.6	2.0	3.2	11.0

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

OVERSEAS TRADERS

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
122	28	African Lakes	120	.....	1.5	ϕ	1.8	ϕ
33	14	Borthwick (Thos.) 10p	33	....	0.5	3.5	2.2	9.3
104	62	Boustead 10p	64	−1	‡0.5	—	‡	—
156	78	Finlay (James)	140	−3	‡‡3.67	2.3	3.7	13.3
10½	3½	♥First Pacific Int 5c	4	....	gQ12c	6.7	—	—
214	153	Gill & Duffus	164	−2	‡10.0	1.7	8.6	8.3
£91	£50½	Gt. Nthn. £10	£57	....	Q12%	ϕ	2.1	ϕ
475	331	H'rns'ns. Cros. £1	445	....	H20.0	1.2	6.4	21.0
455	275	Inchcape £1	443	−2	18.15	0.9	5.9	(29.3)
·41½	25½	Jacks Wm.	29	....	‡1.0	4.6	4.9	7.3
190	105	Lonrho	162xd	+1	s10.0	1.6	8.8	(8.4)
83	51	Nesco Invests.	55	....	3.5	—	9.1	—
52	33	Ocean Wlsns. 20p	52	....	2.95	1.1	8.1	(15.2)
152	90	Pat'son. Zoch. 10p	130	....	5.15	4.2	5.7	4.5
152	108	Do. 'A' N/V 10p	126	....	5.15	4.2	5.8	4.4
378	227	REA Hldgs.	367	....	H2.0	4.1	0.8	(77.6)
93	64½	Sime Darby M$0.5	82	....	vQ10.8c	1.6	5.3	11.9
545	383	Steel Bros.	545	....	13.0	2.7	3.4	12.1
44	23	Tozer Kems. 20p	33	−1	—	—	—	4.9

PLANTATIONS

Rubbers, Palm Oil

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
235	124	Anglo-Indones'n	223	−2	‡4.0	2.1	2.6
·23	2½	♦Applied Botanics 2½p	4¼	....	—	—	—
270	125	Bertam 10p	147	....	g1.17	1.8	1.1
117	84	Cons. Plants M$0.5	115	−1	vQ26c	1.1	7.9
12½	3½	Grand Central 10p	12½	....	—	—	—
170	94	Harrisons Mly. Pl. M$1	131	....	vQ19c	1.1	5.0
115	77	Highlands M50c	90	....	‡vQ17.5c	0.9	6.8
107	78	Kuala Kepong M$1	90xd	....	vQ15c	ϕ	4.9
72	51	♥Malay Plnt M$1	60	+1	vQ18c	1.5	10.4
92	68	Rowe Evans Inv. 10p	84	.....	1.35	2.1	2.3

Teas

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£10¼	315	Assam Doorars £1	950	−10	6.0	1.7	0.9
£16½	720	Lawrie Grp. £1	£24½	..	30.0	4.4	3.0
310	148	McLeod Russel £1	275	−12	b5.75	4.5	3.0
216	117	Do.8.4pcCm.Pf. 90-92	195	−5	8.4%	7.6	6.2
800	365	Moran £1	790	−5	10.0	10.1	1.8
365	222	Plantation & Gen Invs.	332	−11	‡5.0	3.1	2.2
630	299	Williamson £1	530	−10	20.0	3.9	5.4

MINES

Central Rand

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£24½	940	Durban Deep R1	£18⅛	.....	—	—	—
£12½	590	East Rand Prp. R1	652	−14	—	—	—
147	60	Egoli Cons.	60	.....	—	—	—
£113¾	£72½	Randfont'n Est. R2	£76⅛	−1½	‡Q1200c	3.1	7.0
405	160	Simmer & Jack R0.02	160xd	−10	sQ10c	ϕ	3.0
721	336	West Rand R1	389	−2	Q80c	ϕ	10.0

Eastern Rand

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
271	135	Bracken 90c	165	−5	Q58c	1.0	17.0
572	275	♥Cons. Mod'tein 5c	479	−2	Q15c	ϕ	1.5
415	168	East Daggα R1	190	+17	—	—	—
£20¾	£12¼	Eastern Trns. Cn. 50c	£12⅜	−1¼	‡Q90c	5.5	3.5
717	378	ERGO R0.50	378	−24	Q62½c	2.3	8.2
£11⅞	588	Grootvlei 25c	641	−25	Q165c	ϕ	—
£20¾	£12¾	Kinross R1	£14½	+⅛	Q195c	1.3	6.5
285	167	Leslie 65c	233	+5	Q67c	1.2	13.9
308	115	Marievale R0.25	140	−12	Q54c	ϕ	18.7
589	209	S. African Ld. 35c	227	−7	Q40c	ϕ	8.5
·229	120	Vlakfontein 35c	133	....	sQ20c	0.9	7.3
£40⅝	£21	Winkelhaak R1	£25⅞	−⅛	Q382c	1.2	7.1
226	68	Wit. Nigel 25c	99	+4	—	—	—

Far West Rand

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£11	642	Blyvoor 25c	721	−15	Q175c	1.5	11.7
£48½	£27⅝	Buffels R1	£38¼	....	‡Q570c	3.0	9.1
337	170	Deelkraal R0.20	232	+9	Q10c	2.7	2.1
£19¾	£11¼	Doornfontein R1	£12	−⅛	Q200c	2.0	8.1
£28½	£20	Driefontein R1	£21¼	+¼	‡Q275c	1.3	6.1
£10⅛	525	Elandsrand Gld. 20c	584	−13	Q50c	ϕ	4.1
322	179	Elsburg R1	196	−2	‡Q32½c	1.0	8.5
620	369	Hartebeest 10c	417	−6	‡Q72½c	1.6	8.4
£40⅛	£28	Kloof Gold R1	£31⅜	−⅝	‡Q330c	1.7	5.0
£29¾	£15¾	Libanon R1	£16⅛	−⅛	‡Q250c	2.2	7.4
£49⅝	£30⅛	Southvaal 50c	£32¾	+⅜	Q435c	ϕ	6.4
£12¼	763	Stilfontein 50c	790	−3	Q310c	ϕ	19.0
£97	£66½	Vaal Reefs 50c	£76⅛	−⅞	Q1340c	ϕ	8.5
£12⅛	540	Venterspost R1	629	+9	‡Q120c	1.5	9.2
544	278	Western Areas R1	332	+1	‡Q50c	3.1	7.3
£46½	£28¾	Western Deep R2	£32⅝	−⅛	Q450c	ϕ	6.7
101	69¼	Zandpan 10c	76	−½	Q12.2c	ϕ	7.9

O.F.S.

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
900	500	Free State Dev. 50c	550	....	‡Q55c	1.1	4.8
£31⅛	£17⅛	FS Geduld 50c	£19⅛	+⅛	ϕQ365c	2.4	9.2
£17¼	£10⅛	Harmony 50c	£11⅝	+⅛	Q235c	1.6	9.8
447	225	Loraine R1	279	−9	—	—	—
£37⅞	£19⅛	Pres. Brand 50c	£21	−¼	ϕQ350c	3.4	8.1
£43	£21¼	Pres. Steyn 50c	£23½	+¼	ϕQ450c	1.7	9.3
£28⅛	£12⅞	St. Helena R1	£14⅞	−⅛	Q320c	ϕ	10.4
£11⅛	588	Unisel	595	−14	Q101c	1.2	8.2
993	588	Welkom 50c	641	−2	ϕQ146c	1.0	11.0
£39⅛	£23	W. Holdings 50c	£24⅛	−½	ϕQ565c	2.0	11.2

Diamond and Platinum

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£73	£37	Anglo-Am. Inv. 50c	£42	....	Q590c	1.0	6.8
616	340	De Beers Dl. 5c	412	−6	Q40c	3.6	4.7
925	650	Do. 40pc Pf. R5	650	....	Q200c	¥	14.9
£11¼	856	Impala Plat. 20c	950	−33	Q135c	1.7	7.0
715	410	Lydenburg 12½c	480	−10	Q50c	ϕ	5.0
880	620	Rus. Plat. 10c	690	−19	‡Q60c	1.8	4.2

Central African

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
280	145	Falcon 250c	150	−20	Q100c	2.7	38.9

Miscellaneous (continued)

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
		Centennial Min'ls.	230		—	—	—
		Colby Res Corp	75	..	—	—	—
955	450	Cons. Murch. 10c	475	....	‡Q100c	1.4	10.2
40	25	♦Emex Int. Ir10p	38		—	—	—
252	150	Hampton Areas 10p	190		3.75	2.1	2.6
225	140	♥Highwood Res.	175	+5	—	—	—
£24½	£16	Homestake Mining $1	£20⅝	+⅛	Q20c	—	0.9
295	135	♥McFinley Red Lake	265		—	—	—
245	101	♥Musto Explorations	225	−5	—	—	—
55	23	♥New Sabina Res C$1	30	−3	—	—	—
365	220	Northgate C$1	320	..	—	—	—
718	530	RTZ	637	−5	‡18.0	2.7	4.0
£155½	£113½	Do 9½pcLn 95-2000	£139	.	Q9½%	35.4	16.9
£13⅛	850	♥Tara Expln $1	£12⅝	−⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- R No par value

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	....	Arnott	157	....
Craig & Rose £1	£10	....	CPI Hldgs.	58	....
Finlay Pkg 5p	60	....	Carroll Inds.	108xd	+1
Hgsons Brew	115	..	Dublin Gas	60	..
Holt (Jos) 25p	810	−20	Hall (R. & H.)	45	....
IoM Stm. £1	127		Helton Hldgs.	16	....
IRISH			Irish Ropes	40	..
Exch. 12% 1985	£99⅛	..	Jacob (W.& R.)	65	..
Nat. 9¾% 84/89	£85½	+½	TMG	110	..
Fin 13% 97/02	£89⅞	+⅛	Unidare	85	..

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	38	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	"Imps"	18	Cap Counties	18
Barclays Bank	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	29	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	10
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	10
Debenhams	17½	Polly Peck	28	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	10
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met.	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

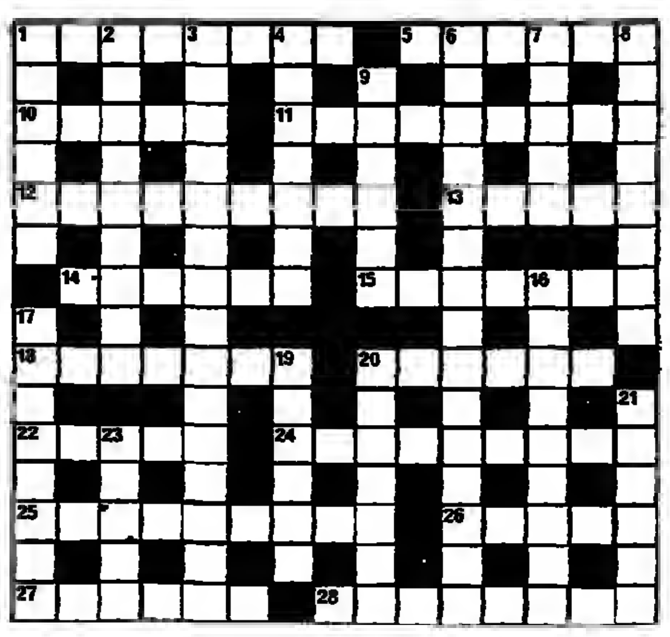
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,657



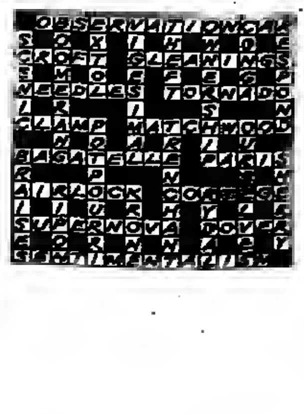
ACROSS

1 Is stated in a way that creates repugnance (8)
5 Stays will alter a waist (6)
10 Fossil resin that should be approached with caution (5)
11 Not a unique type of bridge (9)
12 Give one a ring, then elope perhaps (9)
13 The way things go? (5)
14 Meeting that raises the spirit (6)
15 You may be surprised if it goes up (3-4)
18 Western stock-holder (7)
20 He composed a feature about work (6)
22 Military cover has become disorganised by a blow (5)
24 Drawing instruments traditionally boxed (9)
25 It's a point of view (9)
26 In the rain an eye-shade is *silly* (5)
27 Broadens Edwin's outlook (6)
28 No racehorse alive is one (4, 4)

DOWN

1 Shortage put right in the end (6)
2 Young officer is awkward but learns (9)
3 It's not worth bothering about, unless you're flying overseas (1, 4, 2, 3, 5)
4 Swimmer who may develop into a jumper (7)
6 Traditionally this blow could lead to another (7, 3, 1, 4)
7 Deserter that is put out and angry (5)
8 Decline to make way for a *successor*? (4, 4)
9 It looks round quietly amid sheer chaos (6)
16 Restore control to the country (9)
17 They once made a bolt for it (8)
19 The noise of a bat (6)
20 Firm politician is first on before he introduces act (7)
21 A trail that leads to the summit (6)
23 Upset a girl and *suffered* (5)

Solution to Puzzle No 5,656



هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Soviets likely to cut cotton exports after poor harvest

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION is likely to cut exports of cotton and increase imports this year following a drop in prodnction in 1984, according to agricultural specialists in Moscow.

Prodnction fell last year to 8.6m tons of seed cotton, the lowest for seven years and well below target, leaving the authorities little option but to cut exports.

Tho most significant drop was in the southern republic of Uzbekistan, responsible for two-thirds of Soviet output, where poor weather delayed plant growth and led to the crop ripening lete. Mismanagement was also blamed.

Until 1982 Soviot exports were between 800,000 and 1m tons of cotton lint a year, with two-thirds going to eastern Europe. Since then exports have fallen and there has been a small rise in imports.

This trend is likely to continue. Soviet consumers prefor cotton to man-made fabrics and some of this demand may have to be met from ebroad. The availability of cotton for export to the West is not known because it is not clear bow much the Soviet Union is tied to contracts to supply cotton to eastern Europe.

Soviet cotton production, according to the press, bas also been affected by poor organisation and mismanagement in Uzbekistan which led to an extensive puree of senior party ·ibers and e reorganisation of tho state apparatus last year.

The government report last June said the ministry of the cotton processing industry in Uzbekistan bad failed to fulfil its plans, fibre output had declined, fibre quality bad deteriorated, and waste and losses of raw cotton had grown."

It said thet although the volume of cotton procurements had increased in the past eight years, production of fibre had decreased. The report stressed the need to increase the quality of output.

This reflects earlier criticism from officials that payment for tho weight of cotton delievered to procurement points, rather than payment for fibre, was leading to too mucb dirty raw cotton being delivered.

● WASHINGTON — U.S. exports of raw cotton roso to 792,600 running bales in January from 782,616 bales in December, the Commerce Department said. Exports in January 1984 were 662,688 bales.

U.S. cotton exports in tho current marketing season, from August 1 to January were 3,067,500 bales compared to 2,700,707 in the same period a year ago.

Small farmers launch campaign

BY ANDREW GOWERS

A VOCIFEROUS new farming lobby emorged in Britain yesterday with tho relaunching of tho Smallfarmors' Association, bscked by an all-party group of 14 MPs and peers.

The association's backors, led by Mr Richard Body MP, the well-known writer and edvocate of freo market farm policies, want to campaign to combat the steady disappearance of Britain's small family farms, which it estimates to represent abont 60 per cent of holdings.

They believo the present system of agricultural support favours large farms, and that the National Farmers Union does not do enough on behalf of smaller farmers.

Although tho association's officers insist that they art not setting themselves np in opposition to the NFU, tho relaunching of the organisation in a blaze of publicity is bound to be seen as an attempt to upstage the union. Tho association will also be offering insurance services to its members in direct competition with the NFU Mutual company.

Mr Body claimed yesterday that 10,000 farmers—all of them millionaires—obtained half tho official price support available in Britain.

Tho association, which will put its case in parliament and to the Ministry of Agriculture in coming weeks, has not, bowever, yet formulated an alternative policy.

New talks on UN farm aid crisis

BY DAVID LANE IN ROME

NEW TALKS on the funding crisis at the International Fund for Agricultural Development (IFAD), began in Romo yestorday, but with little hope of success.

IFAD, United Nations agency responsible for belping the rural poor in developing countries, has funds of only $69m, wbile planned spending this year amounts to $300m.

Between 1978 and 1980 the agency was funded with $1bn, provided jointly by industrialised and Opec countries. Funds were replonished with e further $1.1bn pledged by member countries for 1981-84.

Time is now running out, however, in the discussions over e second replenishment, for 1985-87, and no one can agree on how to share the funding burden.

Tho U.S. wants to reduce its funding from the $180m contribution it mado to the first replenishment, and the Opec countries say the drop in oil prices and their oil revenues justifies a reduction in their share.

Recovery on London metal markets

By John Edwards, Commodities Editor

LONDON METAL markets yesterday recovered some of the losses suffered on Wednesday as a result of the sharp decline in the dollar. With sterling weakening in the afternoon there was a general nptrend in base metal prices although declines remained highly nervous with traders keeping a sharp eye on the foreign exchange markets.

After Wednesday's excitement it was a day "for putting your feet up" according to one copper trader. After touching a low of £1,253 on Wednesday night, three months higher grade copper rallied yesterday to close at £1,270.25 a tonne, £8 up on the previous close.

Nickel and zinc ended the day well up, reflecting the firm trend in dollar prices. Lead, however, lost ground in very active trading conditions with heavy commission house selling. ...

Aluminium was only modestly higher. There was little reaction to the announcement by the U.S. producer, Commonwealth Aluminium Corporation, that it was closing one of its three potlines at its Goldendale smelter in Washington state.

The company attributed the cut in output to poor world aluminium prices and high power costs in the Pacific north west.

The cut comes in splte of the Bonnevillo Power Administration's recent announcement of a new incentivo rate, reducing the eost of electricity to aluminium smelters.

Alcoa later announced it las also reducing aluminium output (by 15,000 tonnes annually) at two plants in Washington state. Mr Charles W. Parry, Alcoa chairman, said although Bonneville Power Administration rates were now more competitive, they were still about 25 per cent higher than the world average for power at a time when aluminium prices were unacceptably low.

Big hopes from little producers

Peter Blackburn on plans to raise rubber output in the Ivory Coast

THIRTY YEARS AGO the Ivory Coast was nowhere in the world league of rubber production. Today, it is boping to become Africa's biggest natural rubber producer, overtaking Nigeria and Liberia, with plans to double output to 80,000 tonnes by 1990 in an attempt to reduce dependence on cocoa and coffee. The secret of success, it believes, lies with the small producer.

Rubber was introduced in 1950s by French rubber companies seeking to escape mounting political turmoil in South-east Asia.

After a difficult beginning because of low world prices and beavy infrastructuro and other start-up costs, the rubber industry eventually took off after the 1973 Israeli-Arab war.

At first the rubber industry was developed by large agro-industrial companies supported by the state. Profits and earnings wero remitted abroad by shareboldors and by immigrant workers employed on the plantations.

Ivorians were unwilling to work as labourers and lacked the ekills and experience to fill managerial posts.

The development of smallbolder plantations was therefore seen as a way of involving Ivorians more fully in the rubber industry and ensuring that the benefits remained in tho country.

More than 1,300 small farmers aro now taking part in four smallholder projects in the south-east of the country.

Plantations of under 10 bectares now represent 10 per cent of the plantation area of 42,000 hectares, and this is expected to double by 1990.

Tho plantations are near industrial plantations and within 25 km of a latex processing factory which provides an assured market by taking tho entire smallbolder output. Unlike similar scenes in South-east Asia, farmers bave to provide their own land as well as prepare and maintain the plantations.

Technical assistance is provided by the main rubber producer, Sociote Africaine de Plantations D'Heveas (SAPH) and long torm soft loans by the World Bank, Commonwealth Development Corporation and Caisse Contralo de Co-operation Economique.

Sixty per cent of plantations are worked by their Ivorian owners, thus avolding the manpower shortage that affects tho large industrial plantations.

A guaranteed intervention floor price combined with a premium indexed to the world markot price provides earnings security for farmers as well as benefits wben prices rise.

Smallholder rubber farming started in 1968 with a 100 bectare pilot project for 33 farmors managed by the Rubber Research Institute

Jt was a success both in quality and productivity, and this encouraged the government to develop the project commercially.

SAPH was asked to manage the first phase involving the planting of 3,500 boctares between 1978 and 1982 around its industrial plantations in the south-east.

In 1983 SAPH began a second five-year programme to plant another 3,500 hectares in the same areas.

SAPH has also introduced smallholder rubber farming to new areas. In 1978 it began an integrated rubber project at Bettie on the Comoe River. This consists of 2,000 bectares of industrial, 500 bectares of smallholder plantations, and a latex processing factory.

With the re-opening of the Bettie ferry across the Comoe a further 1,000 bectares of smallholder plantations are being developed.

Another 1,000 hectare smallbolder project is being estabIisbed by SAPH at Cavally near tho Liberian border.

Rubber farming is also proving popular with civil servants and businessmen seeking profitable investments. The plantations can provide a regular return over more than 50 years.

There are already nearly 1,000 bectares of medium sized plantations of 10 to 100 bectares and it is planned to develop another 10,000 hectares.

These semi-industrial projects provide agricultural employment for educated young people and bolp limit tho migration to the towns.

Chinese beat U.S. maize price

BY JOHN BUCKLEY

CHINA is continuing to undercut U.S. maize prices in key Far Eastern markets, eccording to reports circulating in shipping circles yesterday.

In response to a South Korean tender for Chinese or U.S. grain, China won orders for three cargoes totalling 41,000 tonnes et prices ranging from $122.95 to $122.90 C and F for March/mid-April shipments.

This brings estimated sales for 1984-85 shipment including business transacted before the season started) to over 700,000 tonnes, a figure which challenges traditional U.S. dominance of this market.

Prices offered by China have been boned keener as tho season progressed. Last autumn South Korea was paying up to $135 per tonne. The U.S. in contrast is still hard pressed to drop "much below that level."

South Korea ia one of the largest customers for U.S. maize. Imports from all sources are tipped to rise from 3.5m to 3.8m tonnes this eeason. However, shippers note the growth in Chineso sales has not been confirmed to the large buyers such as the Soviet Unlou and Japan. Numerous small deals have been struck with Mexico, Jordan and Singapore while 18,000 tonnes of maize bas been given away to drought-hit African countries.

U.S. trade officials expressed renewed concern over tho Chinese crosion of their markets.

Although most observers see China's export capacity as strictly limited, the cut price sales tactics bave weakened the floor of the world maize export markot and have mado it moro difficult for the U.S. to sell grain.

Recently U.S. exports have become heavily dependent upon too few destinations, namely the Soviet Union and Japan, says one source, although current tenders from Talwan could lond a little backbone to tho market.

Meanwhile, delays are expected in Fobruary deliveries of Chinese maize to South Korea because of limited handling capacity et Chinese ports and sharply increased imprts by Japanese buyers. Japanese traders said yesterday, reports Reutor from Tokyo.

They expect Japanese interests to buy more than 2m tonnes of Chinese maize in 1985, against 210,649 tonnes in 1984.

Japanese importers bought 185,000 tonnes for February shipment, 240,000 for March shipment and 260,000 for April shipment, they said.

South Korean importers have bought 220,000 tonnes for February shipment, 130,000 for March ehipment and 150,000 for April shipment, they added.

Wholesale egg prices go up

EGG PRICES will rise in the shops next week following the announcement of rises in wholesale prices yesterday.

Goldenlay, Britain's biggest egg marketing consortium, said it had raised its first band selling price for the three largest size grades by 2p e dozen and for grades four to seven by 4p a dozen.

The rise, the first since November, was mainly due to the recent cold weather, Goldenlay said. This had led to a reduction in laying rates and encouraged higher consumption. The weather also affected Continental production and consumption leaving less supplies to export to Britain.

The egg market has been unusually firm so far this year. Normaly consumpton sags after Christmas forcing a reduction in prices, but tihs year this did not happen.

LONDON MARKETS

EARLY LOSSES on tho London coffee futures market, in a continued reaction to serling's strength against the dollar, were wiped out yesterday afternoon as the pound retreated and prices finished sharply bigber. The May position closed £25.50 up on tho day at £2,437.50.

Cocoa futures traded in a narrow rance, bowever, with traders in a cautious mood following Wednesday's shakeout. May cocoa closed at £2,174 a tonne, up £4.50 on the day.

In contrast sugar futures ...were steady early on but ended with sizeable losses. The rally was mainly due to cirrency factors but may also have been influenced by background talk of India re-entering tho world market as a buyer of whito sugar.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Feb. 28 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt	$1135/155	+10	$1165/1175
Copper			
Cash h Grade	£1249.0	+11	£1663.6
6 mths	£1270.25	+8	£1272.25
Gold troy oz	$288.76	—0.75	$306.75
Lead Cash	£321.5	—3.5	£340
6 mths	£361.75	—5.75	£341.75
Nickel			
Free Mkt	250/280c	+2	251/281c
Palladium oz	$114.85	—2.25	$120.60
Platinum oz	$256.25	—2.25	$282.25
Quicksilver	$290/300	+6	$295/305
Silver troy oz	623.56p	—5.70	661.18p
6 mths	638.78p	—4.65	677.05p
Tin cash	£10,100	+5	£9919
6 mths	£10,130	—6.5	£9903.5
Tungsten	$75.68	....	$83.85
Wolfram 22 04lb	$76/75	—1.0	$68/72
Zinc	£831	+10	£736
5 mths	£806.5	+10	£735.5
Producers	$800-840	....	$900

OILS	Feb. 28 1985	+ or —	Month ago
Coconut (Phil)	$810u	....	$815
Palm Malayan	$610w	....	$580
SEEDS			
Copra Phil	‡	....	$600
Soyabean (U.S.)	‡	....	$262.6
GRAINS			
Barley Fut. May	£115.95	+0.20	£116.45
Maize	£148.00w	+0.25	£147.00
Wheat Fut. May	£116.70	—0.20	£116.85
No. 6 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. May	£2174.0	+4.5	£2208.5
Coffee Ft. May	£2437.5	+25.5	£2362
Cotton A Index	57.85c	—0.15	70.00c
Gas Oil March	$225.75	—3.25	$231.75
Rubber (kilo)	67p	—1	64p
Sugar (raw)	$115ux	+1	$122.5
Wooltops 64s	515pkilo	+0	521pkilo

‡ Unquoted. w March. x April. s Feb-March. v March-April. † Per 75-lb flask. n Nominal. c Cents a pound.

INDICES

FINANCIAL TIMES

Feb. 27	Feb. 26	M'th ago	Year ago
295.41	296.74	299.16	291.16

(Base: July 1 1952 = 100)

REUTERS

Feb. 28	Feb. 27	M'th ago	Year ago
2016.6	2030.4	2035.9	1059.1

(Base: September 18 1931 = 100)

MOODY'S

Feb. 27	Feb. 26	M'th ago	Year ago
950.3	948.2	—	1061.1

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Feb. 28	Feb. 26	Month ago	Year ago
Spot	117.46	117.38	—	138.01
Fut.	120.68	118.50	—	140.21

(Base: December 31 1974 = 100)

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1244.5-45	+5	1248-50	+11
3 months	1265.5-66	+3.25	1270-.5	+8
Settlem't.	1245	+5	—	—
Cathodes				
Cash	1240-1	+5	1245-7	+9.5
3 months	1260-1	+6.5	1266-7	+8.5
Settlem't.	1241	+5	—	—

ALUMINIUM

Alumn'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1008-9	+6	1006-7	+8
3 months	1042-.5	+6.5	1041-2	+0

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4660-70	+67.5	4680-700	+60
3 months	4700-05	+58.5	4730-5	+47.5

Nickel—Morning: Cash £4,665, 60, three months £4,705, 4,700, 05. Afternoon: Three months £4,740, 35, 38, 25, 35, 30. Kerb: Three months £4,740, 50, 55. Turnover: 2,010 tonnes.

GRAINS

Old crop wheat rose in extremely quiet trading. Barley was under pressure in March after initial strength. New crops eased slightly on shipper selling, reports Muirpace.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Mar...	112.60	+0.30	116.05	—0.10
May...	116.70	+0.20	115.56	+0.20
July...	118.60	+0.45	—	—
Sept...	96.20	—0.15	96.50	—0.10
Nov...	99.40	—0.10	100.00	—0.05
Jan...	102.95	—0.10	106.70	—0.05

Business done—Wheat: March 112.50-2.40, May 116.75-6.70, July 116.85-9.75, Sept 96.20 only, Nov 99.45-9.40, Jan 102.95 only. Sales: 83 lots of 100 tonnes. Barley: March 112.35-2.10, ...

COCOA

Futures traded in dull conditions in a narrow range and closed virtually unchanged. Physicals were similarly affected with producers and consumers withdrawn and even second-hand ...

OIL

Most trading was in forward Brent with the emphasis on speculative cargoes for May. Nymex opened 5c down and traded during the morning around this level. In the petroleum products market gas oil was stable in nervous and indecisive conditions. Heavy fuel oil continued to weaken due to over-supply, relaxed demand from major oil companies and expectations of a lower oil burn in UK power stations—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	27.65-27.75	+0.05
Arab Heavy	26.55-26.65	—
Dubai	27.00-27.05	—0.020
Brent Blend	27.20-27.25	—0.60
W.T.I. (1pm est)	26.60-26.65*	—0.15
Forcados (Nigeria)	27.70-27.85	—0.25
Urals (cif NWE)	—	—
PRODUCTS—North West Europe *cif ($ per tonne)		
Premium gasoline	246-248	—
Gas Oil (March 1-15)	238-240	—
Heavy fuel oil	160-164	—3.5

*April Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Feb	231.00	—10.0	248.00-30.00
March	225.75	—6.25	229.00-25.75
April	210.75	—6.50	219.75-16.25
May	216.50	—6.25	215.50-12.50
June	210.50	—2.00	212.25-10.50
July	209.50	—4.25	212.00-09.50
Aug	215.50	—	215.50

Turnover: 1,780 (1,806) lots of 100 tonnes.

RUBBER

SOYABEAN MEAL

SUGAR

PIGMEAT

POTATOES

COFFEE

COTTON

TIN

LEAD

ZINC

GOLD

SILVER

U.S. MARKETS

GOLD AND SILVER were narrowly mixed as currency related pressure was offset by speculative bargain hunting, reports Heinold Commodities. Copper moved slightly higher mostly on light trade buying despite active offerings by arbitrage brokers; late short-covering by commission houses also helped bolster prices. Aluminium advanced fractionally on trade support and light technical buying. Heating oil traded higher on short-covering in the expiring March position; distant months were under pressure because of fears of over-production by Iran. Cocoa retreated under steady arbitrage pressure and on selling motivated by an increase in the Ivory Coast production estimate. Coffee declined on steady offerings by Brazil of special discounts to roasters; traders are alert for a turning point in prices if and when a quota withdrawal is announced. Sugar weakened in the back months on rumours that U.S. import fees may be escalated.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	48.90	48.00	48.40	48.65
April	49.35	—	—	49.00
May	46.90	49.90	49.40	49.45
July	50.65	50.30	50.30	50.30
Sept	51.50	—	—	51.16
Dec	52.70	52.50	52.50	52.35
Jan	53.10	—	—	52.75
March	53.00	[illegible]	[illegible]	53.66
[illegible]	[illegible]	[illegible]	[illegible]	54.35

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	63.76	64.00	63.62	63.58
May	64.18	64.35	63.15	63.67
July	64.70	64.75	64.22	64.26
Oct	64.95	64.95	64.80	64.85
Dec	65.20	65.29	65.90	65.02
March	66.11	66.20	66.20	66.05
May	66.93	66.85	66.85	66.70
July	67.45	—	—	67.35

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
April	26.74	26.74	26.56	26.69
May	26.12	26.20	26.05	26.24
June	25.81	25.85	25.71	25.90
July	25.82	25.54	25.45	25.65
August	—	—	—	25.58
Sept	25.35	25.35	25.35	25.52
Oct	—	—	—	25.52
Nov	25.45	25.45	25.45	25.56
Dec	—	—	—	25.58
Jan	25.40	25.60	25.40	25.56

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	287.0	289.0	289.0	288.0
April	288.7	291.5	288.5	289.8
June	293.0	295.5	292.8	294.1
August	297.6	300.5	297.3	298.6
Oct	302.3	303.8	303.0	303.4
Dec	307.5	309.5	307.5	308.6
Feb	312.9	314.5	313.2	314.0
April	318.3	—	—	319.4
June	324.2	—	—	325.3
August	330.4	331.0	331.0	331.5
Oct	336.7	—	—	337.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	76.35	76.65	75.25	75.40
April	71.30	71.50	70.45	70.90
May	69.00	68.14	67.95	68.57
June	67.97	66.90	65.85	67.45
July	68.00	66.05	66.90	67.50
August	—	68.25	68.25	68.35

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	164.35	66.90	63.55	67.10
May	168.10	69.90	66.60	68.85
Sept	165.10	66.00	67.65	69.15
Nov	166.60	—	—	67.75
Jan	165.70	66.25	66.25	66.30
March	165.70	65.50	65.50	66.30
May	165.70	—	—	66.30
July	165.70	—	—	66.30

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	58.45	58.70	66.00	50.10
April	52.10	—	—	58.60
May	59.60	59.70	59.00	59.10
July	60.35	60.50	65.70	59.60
Sept	50.90	60.85	60.35	60.35
Dec	61.70	61.70	61.70	61.16
Jan	61.95	—	—	61.40
March	62.45	62.40	62.20	61.50
May	62.95	62.90	62.80	62.40

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.10	4.12	3.90	4.09
May	4.12	4.17	4.05	4.20
July	4.43	4.48	4.36	4.52
Sept	4.69	4.74	4.64	4.79
Oct	4.83	4.91	4.81	4.98
Jan	6.43	9.45	5.43	0.47
March	5.83	9.88	6.81	5.91
May	6.11	9.12	5.10	6.16
July	6.36	6.44	6.36	6.68

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	65.02	65.55	64.97	65.67
June	67.37	67.50	67.10	67.65
August	66.12	66.32	65.97	66.37
Oct	64.52	64.75	64.35	64.65
Dec	66.10	66.20	65.90	66.20
Feb	66.60	66.60	66.55	66.67

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	46.62	46.82	46.30	46.87
June	51.65	51.82	51.20	51.80
July	52.77	52.60	52.32	52.70
August	51.75	51.90	51.32	51.50
Oct	47.15	47.32	46.95	47.30
Dec	47.66	47.65	47.65	47.52
Feb	46.00	46.15	47.75	48.05
April	46.00	46.00	46.00	46.00

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	264.2	264.4	263.4	263.2
May	271.2	271.6	270.6	271.6
July	274.4	275.8	274.0	275.4
Sept	267.6	269.0	267.9	269.2
Dec	263.0	264.4	262.6	264.4
March	271.4	272.2	271.4	273.0
May	276.2	276.2	276.0	277.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	70.75	70.80	69.40	69.75
May	70.72	70.92	70.00	70.45
July	70.60	70.75	69.85	70.12
August	68.65	66.65	67.85	68.17
Feb	70.30	70.45	70.10	70.25
March	69.50	69.80	69.50	69.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	560.8	564.2	560.4	564.2
May	573.0	576.4	572.4	576.6
July	584.4	586.4	583.2	587.2
August	587.2	589.0	586.4	589.4
Sept	583.4	587.4	583.4	588.0
Nov	588.5	592.4	588.4	592.9
Jan	598.4	603.0	599.2	604.0
March	612.0	614.4	612.0	616.4
May	620.0	—	—	624.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	124.3	124.4	123.8	124.7
May	130.3	130.4	129.0	130.4
July	135.8	136.0	135.3	136.1

	Close	High	Low	Prev
March	346.2	347.0	344.0	345.4
May	336.2	337.0	333.9	335.0
July	326.2	327.0	324.2	324.6
Sept	327.4	328.4	326.0	326.0
Dec	337.4	338.4	336.0	336.2
March	342.4	342.4	341.0	340.4

SPOT PRICES—Chicago loose lard 23.75 (23.50) cents per pound. New York tin 505.0-517.0 (500.0-516.0) cents per pound. Handy and Harman silver bullion 675.0 (same) cents per troy ounce.

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. March 571.0, 573.0, 573.0-571.0; May 597.5, 598.0, 598.0; July 600.0, 603.0, 603.0-600.0; Oct 585.0, 593.0, untraded; Dec 558.0, 589.0, 596.0; March 600.0, 610.0, untraded; May 602.0, 616.0, untraded; July 615.0, 618.0, untraded. Sales: 81.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 495, 500, 497-496; May 514, 515, 516-513; Aug 536, 537, 536-535; Oct 538, 538, 539-537; Dec 538, 539, 540-539; Jan 540, 542, 542-540; Mar 547, 549, 548-547; May 555, 558, 555-545; Aug 565, 567, nil. Sales: 121.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.39p per kg lw (+0.31). GB—Sheep 170.41p per kg est dcw (−12.62). GB—Pigs 79.03p per kg lw (−2.71).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 76.0 to 82.0; English hindquarters 87.9 to 92.0, forequarters 56.9 to 60.0; Ulster forequarters 91.6 to 57.0. Veal—Dutch hinds and ends 122.9 to 126.5. Lamb—English small 74.0 to 80.0, medium 68.0 to 74.0, heavy 64.0 to 66.0; Scotch heavy 64.0 to 67.0; *Imported*: New Zealand PL (new season) 70.0 to 71.0, PL (old season) 67.5 to 65.0. Pork—English under 100lb 50.9 to 61.0, 100-120lb 52.0 to 56.0, 120-160lb 41.0 to 48.0.

PARIS

SUGAR—(FFr per tonne): May 1383-1395, Aug 1475-1495, Oct 1534-1544, Dec 1580-1585, March 1684-1685, May 1735-1755.

COCOA—(FFr per 100 kg): March 2391-2396, May 2270-2272, July 2340 bid, Sept 2320-2348, Dec 2188 asked, March 2166 asked, May 2185 asked.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter March 157.90, April 155, May 157.75, July 144.25. U.S. two northern spring 14 per cent protein Feb 184.50, March 180.75, April/May 166.50, June 168, July 168.50, Sept 167.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows signs of recovery

Central banks did not continue the attack against the dollar yesterday, although the German Bundesbank was reported to be intervening from time to time, but only in a small way. Foreign exchange trading began in Europe very nervously, fearing further concerted action by the central banks, but as this failed to materialise confidence increased and the very wide dealing spreads narrowed, while still remaining wider than normal. The dollar crept up from a weak start and demand increased after lunch when New York began trading.

Dealers suggested that underlying sentiment continued to favour the dollar, on expectations of relatively high U.S. interest rates and strong economic growth. The increase in the January U.S. trade deficit to $10.29bn from a revised $8.03bn in December had little impact.

The dollar rose to DM 3.3425 from DM 3.3350; FFr 10.2050 from FFr 10.18; SwFr 2.8550 from SwFr 2.8350 and Y259.50 from Y259.10, and continued to rise in New York after the London close.

On Bank of England figures the dollar's index rose to 153.5 from 153.1.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.0525. January average 1.1274. Exchange rate index fell to 71.3 from 71.6, after opening at 71.5 and touching a peak of 71.7 at 11 am. The close was the lowest of the day, and compares with 78.1 six months ago.

Sterling opened on a firm note and by mid-morning was at the day's peak against the dollar of $1.0950. At that time the pound was also strong in terms of other major currencies, but slipped back after lunch to close 75 points down on the day at $1.0795-1.0805. At around the London close sterling was falling quite sharply, and soon touched $1.07 in New York, as the recent weakness in North Sea oil prices once again attracted the market's attention. Sterling also declined against other currencies, to finish at DM 3.5150 compared with DM 3.6250; FFr 11.0350 against FFr 11.06; and Y280.50 compared with Y282; but was unchanged at SwFr 3.0850.

D-MARK — Trading range against the dollar in 1984-85 is 3.4510 to 2.5535. January average 3.1698. Exchange rate index 118.5 against 123.7 six months ago. ...

The D-mark lost ground to the dollar in quiet Frankfurt trading. The dollar closed at DM 3.3415 compared with DM 3.33 on Wednesday, but shortly after the close the U.S. currency rose to DM 3.3525. Conditions were very nervous, following the heavy intervention by central banks on Wednesday, but there was no attempt by the Bundesbank to further depress the dollar yesterday. The German central bank was reported to be selling a few dollars at around DM 3.3350, but this was generally considered to be ordinary commercial trading. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 3.3225 in Frankfurt, compared with DM 3.3150 previously. The large January U.S. trade deficit had little impact.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Feb 28	Previous
8.30 am	71.5	70.4
9.00 am	71.6	70.5
10.00 am	71.5	70.9
11.00 am	71.7	71.8
Noon	71.5	71.6
1.00 pm	71.5	71.9
2.00 pm	71.6	71.6
3.00 pm	71.3	71.7
4.00 pm	71.3	71.6

£ in New York

—	February 28	Prev. close
£ Spot	$1.0745-1.0760	$1.0890-1.0900
1 month	0.45-0.43pm	0.45-0.43pm
3 months	1.15-1.06pm	1.18-1.10pm
12 months	1.75-1.55pm	1.75-1.60pm

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.7589	−0.32	+0.30	±1.5522
Danish Krone	8.14104	7.96968	−2.10	−1.48	±1.6419
German D-Mark	2.24184	2.22459	−0.77	−0.15	±1.1475
French Franc	6.87456	6.80163	−1.06	−0.44	±1.3689
Dutch Guilder	2.52595	2.51736	−0.34	+0.28	±1.5171
Irish Punt	0.72569	0.715589	−1.39	−0.77	±1.6703
Italian Lira	1403.49	1384.03	−1.39	−1.39	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0760-1.0950	1.0795-1.0805†	0.49-0.45c pm	5.22	1.15-1.10pm	4.17
Canada	1.4800-1.5100	1.4925-1.5000	0.48-0.38c pm	3.49	0.95-0.80pm	2.34
Nethlnd.	4.07-4.11¾	4.07-4.08	2½-2¼c pm	5.99	6¾-6½pm	6.44
Belgium	72.35-73.26	72.35-72.75	22-17c pm	3.23	55-47pm	2.81
Denmark	12.90-13.01	12.92-12.93	4-3ore pm	9.25	8⅞-7⅝pm	2.55
Ireland	1.1585-1.1695	1.1615-1.1645	0.06p pm-0.12d	−0.31	par-0.46dis	−0.79
W. Ger.	3.60½-3.63¾	3.61-3.62	2½-2¼pf pm	7.88	7-6⅞pm	7.88
Portugal	197¼-203¾	197¼-200¾	190-525c dis	−21.56	500-1385d	−18.94
Spain	199-202	199-199¾	20c pm-par	0.60	55-25pm	0.80
Italy	2,238½-2,282½	2,247½-2,248½	1 lire pm-2 dis	−0.27	5-10dis	−1.33
Norway	10.32½-10.45	10.32½-10.33½	1¾-½ore pm	1.23	3-2pm	0.67
France	11.01-11.12½	11.03-11.04	3½-2½c pm	3.06	7-5¾pm	2.33
Sweden	10.19-10.30	10.21½-10.22½	½ore pm-½ dis	−0.07	1½-2½dis	−0.73
Japan	280-283½	280-281	1.84-1.75y pm	7.88	5.17-5.02pm	7.27
Austria	25.30-25.55	25.33-25.47	16-14¾gro pm	7.29	44½-41½pm	2.78
Switz.	3.08¾-3.09½	3.08-3.09	2¼-2c pm	8.27	6⅞-5¾pm	7.70

Belgian rate is for convertible francs. Financial franc 72.90-73.10. Six-month forward dollar 1.54-1.49c pm, 12-month 1.75-1.60c pm. † Correction: Closing rate for February 26 was 1.0520-1.0530.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0760-1.0950	1.0795-1.0805	0.49-0.45c pm	5.22	1.15-1.10pm	4.17
Ireland†	0.9250-0.9420	0.9280-0.9330	0.48-0.38c pm	5.47	1.30-1.00pm	4.88
Canada	1.3700-1.3878	1.3802-1.3820	0.18-0.22c dis	−1.74	0.60-0.67dis	−1.85
Nethlnd.	3.7300-3.7925	3.7795-3.7805	0.70-0.68c pm	2.21	2.32-2.28pm	2.46
Belgium	66.40-67.35	67.25-67.35	9½-10½c dis	−1.80	25-27dis	−1.56
Denmark	11.85½-11.96¾	11.95½-11.96¾	¼-1½ore dis	−1.13	2¼-2¾dis	−0.84
W. Ger.	3.3000-3.3525	3.3420-3.3430	0.88-0.83pf pm	3.08	2.87-2.82pm	3.42
Portugal	182½-185	182½-184½	250-550c dis	−26.16	650-1450d	−22.89
Spain	182.50-185.15	183.50-184.50	60-68c dis	−4.19	145-160dis	−3.32
Italy	2,048-2,084	2,081½-2,082½	9¼-9¾ lire dis	−5.63	27¼-28dis	−6.38
Norway	9.47-9.61	9.58¼-9.58¾	3-3½ore dis	−4.08	6¾-7¼dis	−2.93
France	10.12-10.25	10.20¼-10.20¾	1.50-1.60c dis	−1.83	4.05-4.35dis	−1.65
Sweden	9.34-9.46	9.44¼-9.44¾	3-3½ore dis	−4.15	10-10½dis	−4.36
Japan	258.10-259.80	259.45-259.55	0.53-0.49y pm	9.36	2.06-2.01pm	6.14
Austria	23.25-23.50½	23.25-23.36	4¾-4¼gro pm	2.32	16½-14½pm	2.66
Switz.	2.8100-2.8600	2.8545-2.8555	0.88-0.82c pm	3.60	2.68-2.60pm	6.73

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 67.50-67.70.

OTHER CURRENCIES

Feb. 28	£	$		£ Note Rates
Argentina Peso	279.62-280.10	257.60-257.80	Austria	25.30-25.60
Australia Dollar	1.5250-1.5300	1.4075-1.4116	Belgium	72.75-73.55
Brazil Cruzeiro	4,267-4,292	3,931-3,951	Denmark	12.95-13.08
Finland Markka	7.4715-7.5145	6.9150-6.9200	France	11.02-11.16
Greek Drachma	149.90-152.90	137.20-140.00	Germany	3.60½-3.64½
Hong Kong Dollar	8.4295-8.4435	7.7980-7.8000	Italy	2245-2290
Iran Rial	101.60*	97.40*	Japan	281-285
Kuwait Dinar (KD)	0.3325-0.3330	0.30755-0.30795	Netherlands	4.07-4.11
Luxembourg Fr	72.35-72.75	66.25-67.35	Norway	10.25-10.45
Malaysia Dollar	2.7665-2.7960	2.5780-2.5830	Portugal	194-212
New Zealand Dlr	2.4360-2.4460	2.2570-2.2495	Spain	196-205
Saudi Arab Riyal	3.8930-3.8970	3.6000-3.6015	Sweden	10.17-10.27
Singapore Dollar	2.4395-2.4485	2.2570-2.2620	Switzerland	3.05¾-3.09¾
Sth African Rand	2.1395-2.2310	2.0265-2.0450	United States	1.08½-1.10½
U.A.E. Dirham	3.9710-3.9745	3.6780-3.6750	Yugoslavia	297-309

* Selling rate.

CURRENCY RATES

Feb. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.880205	0.812799
U.S. $	8	0.959491	0.667645
Canadian $	10.95	*	0.920349
Austria Sch.	4½	29.3986	15.6296
Belgian Fr.	11	64.3004	44.7589
Danish Kr.	7	11.4019	7.96968
D mark	4½	3.12768	2.22459
Guilder	5½	3.56510	2.51766
French Fr.	9½	9.76882	6.80163
Lira	15½	N/A	1384.03
Yen	5	248.970	173.154
Norway Kr.	8	9.15268	6.40271
Span'h Pta.	½	176.342	123.014
Swedish K.	9	9.00417	6.30924
Swiss Fr.	4	2.72162	1.89411
Greek Dr'ch	20½	133.163	92.7292
Irish Punt	12¾	1.02632	0.715589

*C$/SDR rate for Feb 26: 1.32182

CURRENCY MOVEMENTS

Feb. 28	Bank of England Index	Morgan Guaranty Change %
Sterling	71.3	−18.7
U.S. dollar	153.6	+39.7
Canadian dollar	88.6	−6.6
Austrian schilling	108.4	+3.7
Belgian franc	97.6	−11.1
Danish Kroner	76.4	−6.6
Deutsche mark	118.6	+5.6
Swiss franc	138.0	+5.2
Guilder	108.9	+2.5
French franc	62.8	−16.9
Lira	45.5	−14.6
Yen	155.4	+11.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Feb. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.080	3.515	280.5	11.04	3.085	4.075	2248.	1.498	72.56
U.S. Dollar	0.926	1.	3.343	259.7	10.25	2.855	3.780	2082.	1.387	67.50
Deutschemark	0.277	0.299	1.	77.69	3.053	0.853	1.127	621.9	0.414	20.07
Japanese Yen 1,000	3.565	3.850	12.89	1000.	39.34	11.00	14.55	8014.	5.339	258.6
French Franc 10	0.906	0.979	3.276	254.2	10.	2.795	3.695	2037.	1.357	65.75
Swiss Franc	0.324	0.350	1.172	90.92	3.577	1.	1.321	728.7	0.485	23.52
Dutch Guilder	0.245	0.265	0.887	68.83	2.706	0.757	1.	551.7	0.367	17.80
Italian Lira 1000	0.445	0.480	1.608	124.8	4.909	1.372	1.813	1000.	0.666	32.27
Canadian Dollar	0.668	0.721	2.414	187.3	7.369	2.060	2.721	1501	1.	48.45
Belgian Franc 100	1.378	1.489	4.983	386.9	15.21	4.252	5.617	3099.	2.064	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	14¼-14⅜	8⅞-8⅝	9¾-10⅛	5⅝-5¾	1¾-2	5⅛-6¼	10⅛-10⅜	13-14	10⅛-10⅝	10⅛ 10⅜	6⅛-6⅜	7½-8
7 day's notice	14⅛-14⅜	8⅝-8¾	10⅛-10⅜	5⅝-5¾	3¾-5	5⅞-6	10⅛-10⅜	13⅝-14⅜	10⅛-10¾	10⅛-10¾	6⅛-6⅜	10½ 11
Month	14-14⅛	8⅜-8⅝	10⅝-10⅞	6⅛-6⅜	5½-5⅝	5⅜ 5⅝	10⅝-10¾	14⅛-14⅜	10½-10¾	10⅝-10⅞	6½-6⅞	10¼-10¾
Three months	13⅞-14	9⅜-9⅛	10¾-11⅛	6⅛-7⅛	5¾-5⅞	6⅛-6⅜	11⅛-11¼	14¾-15¼	10⅝-10⅞	10¾-11	6⅜-6⅝	10⅞-11⅜
Six months	15⅛-19⅛	10-10⅛	11⅜-11⅝	7⅛-7⅛	5⅛-5⅝	6⅜-6½	11⅛-11⅝	15⅛-15½	11-11¼	10⅞-11⅛	6⅜-6⅝	10⅞-11⅜
One year	19¾-19⅞	10¾-10⅞	12⅛-12¼	7⅛-7⅛	5⅛-5⅝	6⅛-6½	12-19¼	15-15⅜	11⅜-11⅝	11-11¼	6⅜-6⅝	11⅛ 11⅝

Asian $ (closing rates in Singapore): Short-term 8½-8⅝ per cent; seven days 8⅝-8⅝ per cent; one month 8 23/32-8 25/32 per cent; three months 9 7/32-9 9/32 per cent; six months 10 3/32-10 5/32 per cent; one year 10 23/32-10 25/32 per cent. Long-term Eurodollars: two years 11½-11⅝ per cent; three years 11¾-12 per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates firmer

Interest rates were firmer on the London money market yesterday, rebounding after Wednesday's fall, as the pound eased back against the dollar on the foreign exchanges. Three-month interbank rose to 13⅞-14 per cent from 13½-13⅝ per cent, and discount houses buying rates for three-month eligible bank bills firmed to 13 7/16 per cent from 13⅜ per cent.

The Bank of England initially forecast a money market deficit of £750m, but changed this to £800m in the afternoon. Total help on the day was £697m.

The authorities offered an early round of assistance, and at that time bought £121m bills outright, by way of £3m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent; £110m bank bills in band 2 (15-33 days) at 13¾ per cent; and £8m bank bills in band 4 (64-91 days) at 13⅜ per cent.

Further help of £193m was provided before lunch, when the Bank of England bought outright £65m bank bills in band 2 at 13¾ per cent, and also purchased £128m bills for resale to the market on March 19 at 13¾ per cent.

In the afternoon the Bank of England gave assistance of £333m, including £154m bills bought outright, by way of £48m bank bills in band 1 at 13⅞ per cent, and £106m bank bills in band 2 at 13¾ per cent. Another £179m bills were purchased for resale to the market in equal amounts on March 5 and March 7 at 13¾ per cent.

Late assistance of £50m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,014m, with a rise in the note circulation absorbing £25m, and bank balances below target another £30m. These outweighed Exchequer transactions.

In Frankfurt there were no surprises from the regular Bundesbank Council meeting. As expected the discount and Lombard rates were left unchanged, but a 28-day securities repurchase agreement was announced to replace the DM 14bn draining from the market on Monday, when a similar agreement expires. The slightly higher level of interest on the new pact, at 5.8 per cent compared with 5.7 per cent was also widely anticipated.

UK clearing banks base lending rate 14 per cent since January 28

MONEY RATES

Feb. 28	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.00-6.10	10⅛	9⅜-9⅝	5¾-6	6.54375	15⅝-16	7.15	14¼-14½
One month	6.00-6.20	10⅜-10¾	5½-5⅝	6 11/16-6 13/16	6.56125	15¾-16⅛	10 11/16-10 13/16	14⅝-14⅞
Two months	6.05-6.25	10 11/16-10 13/16	—	—	—	—	—	14⅝-14⅞
Three months	6.15-6.30	10 11/16-10 13/16	5¾-5⅞	7 1/16-7 3/16	6.54375	16-16⅜	10 11/16-10 13/16	14⅛-14¾
Six months	6.40-6.55	10¾-10⅞	—	7¼-7⅜	—	—	10⅛-11⅛	14⅜-14⅝
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5¾	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Feb. 28 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13-15	14-14½	14¼-14½	14-14¼	—	—	—	—	—
2 days notice	—	—	14-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14¼	14-14⅛	14¼-14⅜	13¾-13⅛	—	—	—	—	—
One month	14⅛-14	14 1/16-14 3/16	14	14¼-14⅜	13¾	13¾	13⅝	13¾	13 11/16	14⅜
Two months	16⅞-13 11/16	13 15/16-14 1/16	14	14⅛	15⅛	13 11/16	13⅜	13⅝	13 9/16	14¼
Three months	13¾-18⅜	13⅞-14	15⅞	14⅛	15¼	13 7/16	16 7/16	13 7/16	13 11/16	14 1/16
Six months	15⅛-13⅞	13⅛-13¼	15⅛	—	—	—	—	19 7/16	19 1/16	13 7/16
Nine months	12 11/16-12 7/16	12⅞-13⅛	—	—	—	—	—	—	—	—
One year	12½-18¼	12½-12⅞	19⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅞-14½	—	14	8.8-8.9	8½-8¾	9⅞-10 1/16
Two months	14⅝-14¼	—	14	9.0-9.1	8 11/16-9 1/16	10-10 3/16
Three months	14½-14⅛	—	13 11/16	2.2-9.5	9-9¼	10 1/16-10¼
Six months	15¾-13⅜	—	15¼	2.8-9.9	9¼-9½	10⅛-10 5/16
Nine months	15¼-12½	—	15	10.1-10.2	—	—
One year	15⅛-12¾	12¼	12⅞	10.4-10.6	9⅝-9⅞	10⅛-10 5/16
Two years	—	12⅛	—	—	—	—
Three years	—	12	—	—	—	—
Four years	—	11⅞	—	—	—	—
Five years	—	—	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period January 2 to February 5 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 12½ per cent from March 1, 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 13.4399 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 14 per cent; one-three months 13¾ per cent; three-six months 13¾ per cent; six-nine months 13 per cent; nine-12 months 12½ per cent. Under £100,000 11½ per cent from February 13. Deposits held under Series 8 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9¾
Fed funds	8 11/16
Fed funds at intervention	8 11/16

Treasury Bills

One month	7.45
Two month	7.95
Three month	8.48
Six month	8.75
One year	8.89

Treasury Bonds

Two year	99 25/32
Three year	88 7/8
Four year	67 25/32
Five year	86 3/4
Seven year	99 3/4
10 year	96 15/32
30 year	95¼

FT LONDON INTERBANK FIXING

(11.00 a.m. February 28)

Three months U.S. dollars

bid 9 7/16	offer 9 9/16

Six months U.S. dollars

bid 10	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Prices weak

Prices fell on the London International Financial Futures Exchange yesterday, reacting to a slight recovery by the dollar on the foreign exchanges, and a generally weaker trend in Chicago. Gilt futures also showed a sharp initial fall, following the announcement of moves by the UK authorities to stop the practice of bond washing, by which gilt dividends are liable to capital gains tax instead of income tax. Trading in the cash market was delayed by the move, and the futures were very confused. June gilts opened about ¾ point lower at 104-25, but then tended to follow the movement of sterling against the dollar to close at 104-14 compared with 105-16 previously. Three-month sterling deposits opened weaker than expected at 87.60 for June delivery, as a result of higher interest rates on the London money market. Trading was generally quiet, but the contract rallied to finish at 87.80, against 87.74 on Wednesday.

June Eurodollars were also depressed from the start, following a firmer tone overnight to U.S. interest rates. The trend continued when Chicago reopened, with both Eurodollars and U.S. Treasury bonds falling through important support levels. Selling by U.S. commission houses pushed the June Treasury bond below the key chart point of 68-00, to a low of 67-24, before it closed at 67-31 compared with 68-19 previously.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.40	90.43	90.37	90.55
June	89.51	89.54	89.44	89.65
Sept	88.96	88.98	88.89	89.06
Dec	88.56	88.56	88.49	88.67
March	88.23	—	—	88.34

Estimated volume 6,468 (5,810)
Previous day's open int 15,188 (15,036)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
March	86.28	86.40	86.20	86.42
June	87.80	87.86	87.56	87.74
Sept	88.50	88.55	88.50	88.88
Dec	88.53	88.55	88.47	88.82
March	88.40	88.45	88.40	88.50

Estimated volume 1,603 (2,769)
Previous day's open int 8,530 (8,729)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	103-22	104-02	103-11	104-15
June	104-14	104-31	104-10	105-16
Sept	107-25	—	—	108-27
Dec	107-18	—	—	108-20
March	107-07	—	—	108-09

Estimated volume 4,023 (7,385)
Previous day's open int 6,035 (5,251)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −6 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	107.95	108.00	107.95	108.80
June	106.95	108.40	106.95	107.45
Sept	1.0650	1.0775	1.0645	1.0790

Estimated volume 8 (1,086)
Previous day's open int 3,317 (3,378)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.2994	0.3018	0.2994	0.3000
June	0.3021	0.3043	0.3021	0.3023

Estimated volume 8 (113)
Previous day's open int 288 (288)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3512	—	—	0.3533
June	0.3544	—	—	0.3565

Estimated volume nil (nil)
Previous day's open int 136 (136)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3856	—	—	0.3859
June	0.3887	0.3892	0.3887	0.3887

Estimated volume 3 (6)
Previous day's open int 123 (120)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	125.80	126.30	125.20	125.50
June	126.40	126.40	126.20	126.00
Sept	126.70	—	—	126.30

Estimated volume 217 (407)
Previous day's open int 1,712 (1,886)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	68-29	69-10	68-24	69-13
June	67-31	68-12	67-24	69-19

Estimated volume 3,704 (2,501)
Previous day's open int 2,264 (2,364)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-31	69-14	68-23	69-05
June	67-31	68-13	67-21	68-05
Sept	67-06	67-12	66-30	67-12
Dec	66-17	66-27	66-16	66-24
March	66-00	66-16	65-28	66-07
June	—	65-27	65-12	65-25
Sept	—	65-18	65-06	65-13
Dec	64-28	64-28	64-27	65-03
March	—	—	—	64-26
June	—	64-13	64-12	64-18

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.46	91.49	91.42	91.48
June	90.86	90.91	90.80	90.87
Sept	90.38	90.44	90.35	90.40
Dec	90.04	90.10	89.99	90.06
March	89.78	89.86	89.74	89.81
June	89.57	89.63	89.55	89.61
Sept	89.42	89.44	89.43	89.43
Dec	89.25	—	89.25	89.27

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.71	90.74	90.68	90.71
June	89.90	89.92	89.83	89.88
Sept	89.31	89.38	89.29	89.35
Dec	88.90	88.97	88.90	88.93

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.38	90.41	90.32	90.38
June	89.50	89.54	89.44	89.49
Sept	88.93	88.98	88.89	88.94
Dec	88.52	88.57	88.50	88.53
March	—	88.25	88.19	88.23
June	87.96	88.01	87.94	87.88
Sept	87.75	87.78	87.74	87.76

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.0800	1.0915	1.0780	1.0920
June	1.0705	1.0810	1.0680	1.0825
Sept	1.650	1.0775	1.0645	1.0790
Dec	1.0640	1.0770	1.0640	1.0775

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-02	69-07	68-29	69-04
June	68-13	68-17	68-08	68-13
Sept	67-23	67-25	67-20	67-23
Dec	—	—	—	67-04
March	—	—	—	—
June	—	—	—	66-01
Sept	—	—	—	65-18

Company Notices

NOTICE TO HOLDERS OF ALL NICOR OVERSEAS FINANCE N.V. (A Netherlands Antilles Corporation and wholly-owned subsidiary of NICOR Inc.)

10¼% CONVERTIBLE SUBORDINATED DEBENTURES DUE MAY 1, 1995 AND 14% SUBORDINATED DEBENTURES DUE MAY 1, 1995

All debenture holders are hereby notified that The Northern Trust Company has resigned effective upon the close of business on December 31, 1984 as Trustee under the Indenture dated May 1, 1980, as supplemented by the First Supplemental Indenture dated December 2, 1982 (the "Indenture"), pursuant to which the above debentures were issued. Irving Trust Company has been appointed, and accepted such appointment, as successor Trustee under the Indenture.

Continental Illinois National Bank and Trust Company of Chicago ("Continental") has been retained as Paying Agent and as agent for transfer, exchange, conversion or substitution of debentures, and also as an agent for authentication and an agent for service of process upon the Company or NICOR Inc. (the "Guarantor") in Chicago, Illinois. Accordingly debenture holders may continue to present debentures for transfer, exchange, conversion, substitution or payment and may continue to serve notices and demands upon the Company and the Guarantor in respect of the debentures at the offices of Continental and its affiliates which were heretofore designated for such purposes.

All demands and notices which under the Indenture should be delivered to the Trustee may now be delivered to the principal office of Irving Trust Company, One Wall Street, New York, New York 10015, attention: Corporate Trust Department.

SCHUYLER K. HENDERSON
Attorney-in-fact

AKTIEBOLAGET SVENSK EXPORTKREDIT (Swedish Export Credit Corporation)

FF 250,000,000
14⅛% NOTES DUE 1990

On February 15, 1985 Notes for the amount of FF 83,335,000 have been drawn in the presence of a Notary Public for redemption on April 8, 1985.

The following Notes will be redeemable at par coupon due April 8, 1990 attached:
14,825 to 10,397 incl.
16,404 to 18,494 incl.
10,808 to 16,193 incl.
10,196 to 38,211 incl.
40,236 to 48,535 incl.

Amount purchased on the market: nil.

Some of the Notes drawn for redemption on April 8, 1984 have not as yet been presented for reimbursement.

Furthermore Swedish Export Credit Corporation will prepay on April 8, 1985 at 100.50% of their principal amount all the outstanding Notes not yet redeemed following the above-mentioned drawing (i.e. FF 83,330,000).

Payment of interest due on April 8, 1985 and reimbursement of principal will be made in accordance with terms and conditions of the Notes.

Interest will cease to accrue on the above drawn and prepaid Notes as from April 8, 1985.

Luxembourg, March 1, 1985.
The Fiscal Agent KREDIETBANK S.A. Luxembourgeoise

Art Galleries

CHARLOTTE ARDIZZONE New Paintings. FELICITY AYLIEF & SUE JOHN New Ceramics until 21 Mar. at Bohun Gallery, Station Road, Henley, Oxon.

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 0176. PETER BROOK—Yorkshire Landscapes. Until 8 March. Mon-Fri. 9.30-5.30; Thurs. until 6.30.

WILLIAM DRUMMOND at BURY STREET GALLERY, 11, Bury Street, W1. Exhibition of Early British Watercolours.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 27, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of February 27 at 11.00 a.m.
3 months: 9 5/16 — 6 months: 9⅞

ECU=$US.661141 — SDR1=$US.956672
Sibor as of February 27 at 11.00 a.m.
3 months: 9 5/16 — 6 months: 9⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.50
Albania	Lek	9.526
Algeria	Dinar	5.256
Andorra	Fr. Franc	10.245
	Sp. Peseta	189.50
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	253.25
Australia	Dollar	1.4174
Austria	Schilling	23.555
Azores	Port. Escudo	185.50
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	189.50
Bangladesh	Taka	26.54
Barbados	Dollar	2.0113
Belgium	Franc (o)	68.645
	Franc (f)	68.83
Belize	Dollar	2.00
Benin	C.F.A. Franc	512.25
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	12.21
Bolivia	Peso (7)	45000
Botswana	Pula (9)	1.8674
Brazil	Cruzeiro (o)	3865.50
Brunei	Dollar	2.277
Bulgaria	Lev	1.051
Burkina Faso	C.F.A. Franc	512.25
Burma	Kyat	8.8939
Burundi	Franc	128.267
Cameroun Rp	C.F.A. Franc	512.22
Canada	Dollar	1.3897
Canary Is	Sp. Peseta	189.50
Cape Verde Is	Escudo	89.2598
Cayman Is	Dollar	0.836
Cen. Africa Rep	C.F.A. Franc	512.25
Chad	C.F.A. Franc	512.25
Chile	Peso (o)	143.00
China	Renminbi Yuan	2.8517
Colombia	Peso (o)	118.34
Comoros	C.F.A. Franc	512.25
Congo Ppls Rep. of	C.F.A. Franc	512.25
Costa Rica	Colon	48.20
Cuba	Peso	0.9096
Cyprus	Pound*	1.4366
Czechoslovakia	Koruna (o)	7.05
Denmark	Krone	12.25
Djibouti Rp. of	Franc	198.162
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (d)	3.28
Ecuador	Sucre (o,c)	67.18
	Sucre (d)	121.30
	Sucre (f)	95.75
Egypt	Pound	0.83
	Pound (c)	1.972
El Salvador	Colon	9.60
	Colon (d)	4.40
Eq'tl Guinea	C.F.A. Franc (4)	512.26
Ethiopia	Birr (o)	1.0805
Faeroe Is	Dan. Krone	12.25
Falkland Is	Pound*	1.083
Fiji	Dollar	1.2082
Finland	Markka	6.866
France	Franc	10.245
Fr. C'ty in Af	C.F.A. Franc	512.25
Fr. Guiana	Franc	10.245
Fr. Pac. Is	C.F.P. Franc	186.275
Gabon	C.F.A. Franc	512.25
Gambia	Dalasi	4.5168
Germany (E)	Ostmark (d)	3.36
Germany (W)	Mark	3.36
Ghana	Cedi (8)	50.00
Gibraltar	Pound*	1.083
Greece	Drachma	141.45
Greenland	Dan. Krone	12.25

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	10.246
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, i)	1.62
Guinea Bissau	Peso	37.8609
Guinea Rep	Syli	25.8033
Guyana	Dollar	4.19
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Hong Kong	Dollar	7.8038
Hungary	Forint	51.62
Iceland	Krona	42.99
India	Rupee	13.21
Indonesia	Rupiah	1094.00
Iran	Rial (o)	96.4806
Iraq	Dinar	0.3108
Irish Rep.	Punt*	0.927
Israel	Shekel	768.45
Italy	Lira	2096.00
Ivory Coast	C.F.A. Franc	512.25
Jamaica	Dollar (o) (5)	5.46
Japan	Yen	260.25
Jordan	Dinar	0.4053
Kampuchea	Riel	n.a.
Kenya	Shilling	15.4566
Kiribati	Aust. Dollar	1.4174
Korea (Nth)	Won	0.94
Korea (Sth)	Won	845.80
Kuwait	Dinar	0.3091
Lao P'ple D. Rep	Kip	35.00
Lebanon	Pound	18.00
Lesotho	Maloti	1.055
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.845
Luxembourg	Lux. Franc	68.646
Macao	Pataca	8.1128
Madagascar D. R.	Franc	704.036
Madeira	Port. Escudo	185.50
Malawi	Kwacha	1.8679
Malaysia	Ringgit	2.5915
Maldive Is	Rufiyaa (o)	3.95
	Rufiyaa (m)	7.05
Mali Rp	C.F.A. Franc	512.26
Malta	Lira*	1.9455
Martinique	Franc	10.246
Mauritania	Ouguiya	67.18
Mauritius	Rupee	15.56
Mexico	Peso (d)	210.66
	Peso (e)	208.35
Miquelon	Fr. Franc	10.245
Monaco	Fr. Franc	10.245
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	10.10
Mozambique	Metica	44.023
Namibia	S.A. Rand	1.058
Nauru Is	Aust. Dollar	1.4174
Nepal	Rupee	18.00
Netherlands	Guilder	3.80
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	2.2594
Nicaragua	Cordoba	10.00
	Cordoba (d)	600.00
Niger Rp	C.F.A. Franc	512.25
Nigeria	Naira	0.8555
Norway	Krone	9.64
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	15.0272
Panama	Balboa	1.00
Papua N.G.	Kina	1.0635

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.o.)	240.00
	Guarani (d)	408.78
Peru	Sol (o)	6965.11
Philippines	Peso	19.276
Pitcairn Is	N.Z. Dollar	2.2594
Poland	Zloty (o) (3)	169.00
Portugal	Escudo	185.50
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	10.246
Romania	Leu (o)	4.58
Rwanda	Franc	107.362
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.083
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	10.245
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.207
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	2095.00
Sao Tome & Principe DR	Dobra	47.2994
Saudi Arabia	Riyal	3.50
Senegal	C.F.A. Franc	512.25
Seychelles	Rupee	7.0622
Sierra Leone	Leone (9)	6.09
Singapore	Dollar	2.277
Solomon Is	Dollar	1.4356
Somali Rep	Shilling (6)	55.50
South Africa	Rand	1.958
Spain	Peseta	189.50
Span Ports in N. Africa	Sp. Peseta	189.50
Sri Lanka	Rupee	25.666
Sudan Rep	Pound (10)	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.956
Sweden	Krona	9.525
Switzerland	Franc	2.845
Syria	Pound (e)	3.925
Taiwan	Dollar (o)	39.38
Tanzania	Shilling	18.55
Thailand	Baht	28.20
Togo Rep	C.F.A. Franc	512.25
Tonga Is	Pa'anga	1.4174
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.9455
Turkey	Lira	489.95
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.4174
Uganda	Shilling	570.41
United Arab Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.085
Uruguay	Peso (m)	87.65
USSR	Rouble	0.8975
Vanuatu	Vatu	105.155
Vatican	Lira	2095.00
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	12.69
	Bolivar (d)	13.40
Vietnam	Dong (o)	10.8489
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	5.45
Yemen PDR	Dinar	0.3425
Yugoslavia	Dinar	248.202
Zaire Rep.	Zaire	43.8758
Zambia	Kwacha	2.4044
Zimbabwe	Dollar	1.7021

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Sierra Leone: February 22. Official devaluation of 58.33 per cent. (3) Poland: January 2 Zloty officially devalued by 10.87 per cent. (4) Equatorial Guinea: December 31, currency joins Franc zone. (5) Jamaica: November 8, rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia: January 6, official devaluation of 29 per cent. (7) Bolivia: February 9, official devaluation of approximately 81 per cent. (8) Ghana: December 3, Cedi devalued from 38.5 to 50. (9) Botswana: January 11, Pula devalued approximately 15 per cent. (10) Sudan: February 11, official devaluation of approximately 48 per cent.

For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150	100⅝	101⅛	−0⅝	−1¼	12.25
Austria Rep 13⅝ 92	100	106¼	106¾	−1¼	−2⅝	12.29
Bank Of Tokyo 12⅝ 92	100	99⅛	99⅝	−0⅝	−1⅛	12.75
Bank of Tokyo 13⅝ 91	100	104⅛	104⅝	−0⅝	−2	12.48
BP Capital 11½ 92	150	95	95½	−1¼	−1⅝	12.17
Caisse Nat Tele 13¾ 91	100	104½	100	−1⅝	−2⅛	12.57
Canadian Pac 12½ 00	75	98⅞	100⅝	−1	−1⅜	12.46
CBS Inc 11⅝ 92	195	95⅝	95⅞	−1⅝	−3⅛	12.29
Chevron U.S.A. 12¼ 88	600	99⅝	99⅞	−0⅝	−1¼	12.31
Creditanstalt 13⅛ 91	100	101⅛	102	−1	−1⅛	12.67
Denmark Kingdom 13 91	100	101	101½	−0⅝	−1¼	12.66
Denmark Kingdom 13¼ 91	100	†101⅛	101¾	−0½	−2½	12.85
Denmark 13⅞ 88 XW	100	103⅞	104⅜	−0⅝	−1	12.27
[illegible]						
Weyerhaeuser 12¾ 87	150	100⅝	101⅛	−0⅛	−1	11.77
World Bank 12¼ 94	150	99	99½	−1⅜	−2⅛	12.36
World Bank 12⅜ 94	200	102	102½	−1	−2	12.42

Average price change On day −0⅝ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	100⅛	100⅝	0	+0⅝	7.91
Austria Republic 7⅛ 94	200	98⅛	99⅝	0	−0⅛	7.86
Baxter Travenol 7¼ 94	200	98⅝	99⅝	+0⅝	+0⅝	7.39
Credit National 6⅛ 94	200	100¼	101	−0⅛	−0⅝	8.62
Degussa Int Fin 7½ 94	100	99⅛	99¼	−0⅛	−1	7.74
E.E.C. 6 92	200	100⅝	101⅛	−0½	+0⅛	7.80
Escom 6 92	150	98⅝	99⅛	0	−1⅛	8.23
Ferrovie Dello Stato 8 91	100	100⅝	101⅛	+0⅛	+0⅛	7.83
[illegible]						

YEN STRAIGHTS; OTHER STRAIGHTS; SWISS FRANC STRAIGHTS; CONVERTIBLE BONDS; FLOATING RATE NOTES: [illegible]

OVER-THE-COUNTER

Continued from Page 36

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Stock		Sales (Hnds)	High	Low	Last	Chng
Thrmd s		76	14½	14	14	−¼
ThdN s	1 20	58	37	36½	37	+¼
Thorin		1	11⅛	11⅛	11⅛	
Thortec		255	13⅛	12⅞	12⅞	−¼
ThouT s		224	17½	16⅞	17	+¼
3Com		581	10½	10¼	10⅛	
TimeE s		865	13⅛	12⅞	13¼	
TmFib		183	10	9⅞	9⅞	+¼
[illegible]						

Stock		Sales (Hnds)	High	Low	Last	Chng
ValLn	40	11	26⅛	25	26	−¼
VanShk		1	10	10	10	
Vanzetti		34	15	14¾	14¾	
VectrG		61	⅞	3-16	⅞	
VeloBd		15	16½	16⅞	16½	
Ventrex		485	4⅛	4	4¼	−⅛
Versa7	20	22	16⅛	16¼	16⅛	−⅛
Vera		110	7-16	⅛	7-16	
[illegible]						

NOTICE OF REDEMPTION

To the Holders of

CITY OF BERGEN

8% Debentures due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot through operation of the Sinking Fund for redemption on April 1, 1985, at the principal amount thereof together with accrued interest to the date fixed for redemption $850,000 principal amount of said Debentures, each in the denomination of U.S. $1,000 as follows:

Outstanding Debentures bearing serial numbers with the prefix letter "M" and ending in any of the following two digits:

00 05 17 19 20 22 31 42 44 50 53 59 65 68 73 75 78 86 90 98

Also Debentures bearing the following serial numbers with the prefix letter "M":

858 1058 1758 2058 2558 3458 5758 10658 10958 11158 13358 14458 14558

On April 1, 1985, the Debentures designated above will become due and payable at the redemption price aforesaid in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts and will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **Corporate Trust Department of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015,** or (b) subject to applicable laws and regulations, at the main office of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main), London, Paris or Zurich or the main office of Bank Mees & Hope NV in Amsterdam, Credito Romagnolo S.p.A. in Milan or Kredietbank S.A. Luxembourgeoise in Luxembourg. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Coupons due April 1, 1985, should be detached and collected in the usual manner.

From and after April 1, 1985, interest shall cease to accrue on the Debentures herein designated for redemption.

Following the aforesaid redemption, $2,000,000 principal amount of the Debentures will remain outstanding.

CITY OF BERGEN

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

March 1, 1985

CAPITAL MARKETS

Gloomy Euromarket turns to equity-linked issues for business

BY MAGGIE URRY IN LONDON

THE EURODOLLAR bond market was depressed again yesterday, after the overnight slide in the New York market and the continued concern over the level of the dollar.

Although New York opened firmer in the afternoon, Eurodollar fixed-rate bonds were still gloomy, showing falls of as much as 1½ points in places.

No fixed-rate or floating deals appeared, and syndicate managers' minds turned to equity-linked issues to bring in some business.

One such was launched by Morgan Stanley, with Daiwa Europe, for Kajima, the Japanese construction group. This is for $40m with a 15-year life and a 3⅞ per cent coupon. The expected conversion premium is 5 per cent.

Nikko Securities was expected to launch today a $50m convertible for Citizen Watch, while other houses were working on equity-related deals for U.S. corporate borrowers.

Among recent deals, the Commerzbank "mini-max" floater improved to be quoted around par. Dealers said the lead manager, Commerzbank, was squeezing short positions in the issue.

The Eurosterling market was not affected by the British Inland Revenue's moves to stop "bond-washing" and was steady yesterday. The exception was the issue for EIB, which fell to be traded at a 3-point discount to the 99¾ issue price.

The Swiss franc bond market was mixed yesterday, with turnover low. Dealers were concentrating on the start of dealings today in the Pepsico issue. Since that deal was launched with a 5¼ per cent coupon, the market has worsened with the World Bank coming this week on a 6 per cent coupon.

Crédit Suisse announced a SwFr 70m convertible deal for Kurabo Industries, the textiles group. The five-year deal has an indicated 2 per cent coupon. UBS is arranging a SwFr 50m private placement for Iseki, the Japanese agricultural machinery company.

In the D-Mark bond market, prices were also lower, again following New York, down by around ¾ point. Trading remains nervous with dealers watching the currency markets.

Another equity warrant issue appeared, for Toyobo, the Japanese textile business. This is for DM 60m and is led by Deutsche Bank. The bonds have a five-year life and indicated 3¾ per cent coupon. The warrant exercise price is indicated at a 2½ per cent premium.

Liffe reveals details of first options contracts on $ futures

BY CHARLES BATCHELOR IN LONDON

THE LONDON International Financial Futures Exchange (Liffe) yesterday announced the details of its first options contracts – on Eurodollar futures and on the dollar – in a development which may bring it into direct competition with the London Stock Exchange's traded-options market.

Dealing in the new contracts will not start until mid-1985, but in announcing details of the contracts, Liffe has got in ahead of the stock exchange, which is also considering introducing currency contracts.

Liffe claims a right to make a market in these options since it already trades currency and Eurodollar futures, while the stock exchange argues that options are a field in which it has experience and expertise.

Mr Michael Jenkins, chief executive of Liffe, said: "There is probably only room for one contract of each type. The stock exchange still has to decide what to do. It may decide not to go ahead."

Both futures and options allow their users to take a view on future movements in the price of an underlying commodity or financial instrument. But options limit the potential loss to the premium or cost of the option, while futures contracts can require purchasers to put up ever larger margin deposits if the price of the underlying commodity or financial instrument moves.

Liffe plans to add a long-gilt option and a physical Eurodollar option by the end of this year while it is also considering adding an option on U.S. Treasury bonds. A short-gilt futures contract is also planned for later this year.

Other world markets which deal in financial options and futures are Philadelphia, which leads in currency options, the Chicago Mercantile Exchange, which has currency futures and options on currency futures, and Amsterdam which has currency options.

Mr Jenkins denied that Liffe had speeded up the introduction of the new contracts to pre-empt the London Stock Exchange. The mid-1985 start-up date was announced last December, although no details were given then of the new contracts.

Liffe's new Eurodollar futures options contract will give the holder the right to buy or sell one three-month Eurodollar futures contract with an underlying value of $1m at a pre-determined price in the future. Liffe already has a Eurodollar futures contract.

The new dollar sterling physical option contract will give the holder the right to buy or sell £25,000 worth of dollars.

It is the dollar-sterling contract which brings Liffe directly into potential competition with the stock exchange. The exchange is considering currency options on dollar-sterling, dollar-D-Mark and sterling-D-Mark contracts for introduction by the end of June.

The exchange is weighing up a small currency contract worth £12,500 for the smaller user and one of £125,000 or £250,000 for the larger user.

Liffe expects its new contracts to appeal more to banks and larger companies with foreign exchange exposure than to private individuals or UK institutions. However, pension funds or managers with dollar assets in their portfolios might want to hedge their currency risk.

Liffe members who want to trade in options will have to buy a special permit for £7,500 which will allow them to put an extra trader on the exchange floor. Non-members would have to become members, paying either £30,000 or more for a seat or leasing a seat for £2,000-£3,000 a year and also buying the option permit.

WEEKLY U.S. BOND YIELDS (%)

	Feb 27	Feb 20	1985 High	1985 Low
Composite Corp. AA	12.39	12.18	14.23	11.93
Government:				
Long-term	11.83	11.45	13.89	11.19
Intermediate	11.81	11.41	13.79	11.12
Short-term	10.64	10.21	13.22	10.03
Municipal	9.78	9.68	11.14	9.52
Industrials AAA	11.87	11.58	13.86	11.44
Industrials AA	12.42	12.18	14.13	11.86
Utilities AA	12.36	12.16	14.45	12.01
Preferred Stocks	10.94	10.77	12.17	10.77

Source: Standard & Poor's

Narodny Bank seeks £35m through CDs

By Peter Montagnon in London

MOSCOW NARODNY Bank is raising £35m ($37.8m) in the City of London through its first-ever launch of re-issuable certificates of deposit (CDs).

It has arranged a medium-term facility with Gerrard and National, the UK discount house, which will allow it continuously to issue three-month CDs so long as the total outstanding does not exceed £35m. CDs are short-term bank borrowings which can be traded in the money markets and usually bear very fine rates of interest.

Under the facility, Gerrard and National has undertaken to buy the Moscow Narodny CDs which it can place with clients, sell in the market or keep on its own books. This guarantees Moscow Narodny medium-term access to money at cheap short-term rates.

Similar facilities have been arranged for a number of banks over the past year, especially for Japanese institutions, but this is the first such deal for Moscow Narodny which is expected to use the money to fund existing lending, thought to be in connection with Soviet exports.

Gerrard and National's involvement as sole arranger of the facility underlines the changing role of the discount houses as they diversify their business in line with the City of London financial services revolution. Traditionally discount houses have confined their activities to the actual trading of money market securities and have not often acted as underwriters.

Gerrard and National recently arranged a similar facility for the Halifax Building Society which was regarded as highly innovative as it was the first re-issuable CD facility by a British building society.

BHF Bank bond average

Feb 28		Previous
100.551		100.600
High	1984-85	Low
103.042		98.056